

**WHL**

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WHILE OUR STRATEGIC OBJECTIVES  
ARE AIMED AT DRIVING GROWTH  
AND STAKEHOLDER VALUE, OUR  
GOOD BUSINESS JOURNEY ENSURES  
THAT WHAT WE DO IS RIGHT, BOTH  
SOCIALY AND ENVIRONMENTALLY.

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## 2014 HIGHLIGHTS ON A 52:52 WEEK BASIS

▲ GROUP TURNOVER UP

14.4%

▲ ADJUSTED PROFIT BEFORE TAX UP

20.1%

▼ ADJUSTED RETURN ON EQUITY DECREASED FROM FROM 49.5% TO

46.7%

▲ HEADLINE EARNINGS PER SHARE UP

9.0%

TO 365.2 CENTS PER SHARE

▲ ADJUSTED HEADLINE EARNINGS PER SHARE UP

17.1%

TO 398.0 CENTS PER SHARE

TOTAL DIVIDEND FOR THE YEAR

251.5

CENTS PER SHARE

AVERAGE NUMBER OF EMPLOYEES

31 200

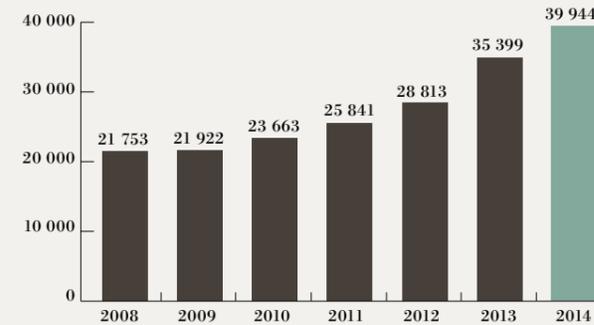
NUMBER OF LOCATIONS

1 162

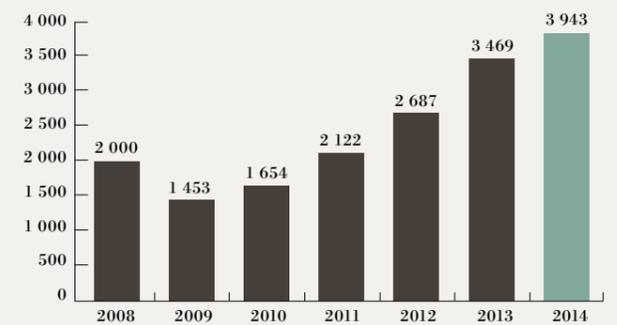
BBBEE CONTRIBUTOR STATUS

LEVEL 3

REVENUE (R MILLION)



OPERATING PROFIT (R MILLION)



## OUR INTEGRATED REPORT

Our 2014 Integrated Report has been prepared for the benefit of all our stakeholders, with a particular focus on relevance to providers of financial capital. Our aim is to create a concise and clear overview of WHL's performance for the 52 weeks to 29 June 2014, offering the reader both summarised and detailed information. We apply our values in the way we report – consistent with the way in which we do business.

In compiling the report, we have considered the information included in previous reports, the legislative requirements for reporting and the International Integrated Reporting Council's <IR> Framework. Information relating to the Good Business Journey has been based on the G3.1 guidelines of the Global Reporting Initiative, with the intention of aligning these with the G4 guidelines in the near future. The information included in this report is consistent with the indicators used for our internal management and Board reports, and are comparable to previous Integrated Reports.

We are reporting from a Group perspective and have elected to structure the content around strategic objectives rather than operational units, particularly as the Group's operations continue expanding. Our strategy drives the value creation, decision-making and performance targets for the Group, and encompasses all operations throughout South Africa, Africa and Australasia.

### OUR NAVIGATIONAL ICONS

The following symbols have been applied throughout the report to improve usability and show the integration between relevant elements of the report.

 CUSTOMER	 FASHION	 FOOD	 OMNI-CHANNEL	 AFRICA	 FINANCIAL SERVICES	 SYNERGIES	 GOOD BUSINESS JOURNEY
 ACHIEVEMENTS	 REFER TO WEBSITE	 REFER TO PAGE	 REFER TO AFS	 REFER TO GBJ			

Woolworths (Propriety) Limited (Woolworths) is currently the largest unit in the Group and the custodian of the Good Business Journey, and therefore enjoys more extensive coverage in this report.

The most significant events to be noted when evaluating our performance in 2014 are as follows:

- The year ended 29 June 2014 had 52 trading weeks compared to 53 weeks for the year ended 30 June 2013. Most of the information quoted in the report is based on 52:52 weeks.
- The completed conversion of all franchise businesses in Africa to corporate stores.
- Inclusion of the Witchery Group for the full year (compared to nine months in 2013).
- The acquisition of David Jones Limited (David Jones) on 1 August 2014 – a post-financial year end transaction.

The David Jones transaction has no financial impact, other than transaction costs which have been included in adjusted profit, during the reporting period. We have included data and profiling information about the new business segment into this report due to the material size and nature of the transaction. We have paid particular attention to opportunities for value creation in the short to medium term.

### OUR SUITE OF REPORTS

#### 2014 INTEGRATED REPORT

This report provides a holistic view of the Group's business, strategy and performance for the year, including 'insights' from our Good Business Journey that pertain to particular strategic objectives. We also set out our governance structures and remuneration philosophy. This report has only been mailed to shareholders who indicated that they would like to receive it and is available on the website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

#### 2014 ANNUAL FINANCIAL STATEMENTS

This report provides a more detailed understanding of the financial aspects of our business. The detailed Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and include the Audit committee and directors' reports. The report is available for download on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

#### 2014 GOOD BUSINESS JOURNEY REPORT

This report provides details of our sustainability strategy, the governance of sustainability and a review of performance primarily against our non-financial targets for social, transformation and environmental matters. The report is available for download on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

#### 2014 AGM NOTICE AND ABRIDGED FINANCIAL RESULTS

This report contains the notice of the WHL Annual General Meeting, a proxy form and the information necessary for shareholders to vote on the resolutions to be tabled at the meeting together with abridged financial results. This report will be sent to all our shareholders registered in the company's share register at 10 October 2014. This has been done in compliance with the Companies Act, 71 of 2008 (as amended).

#### ADDITIONAL INFORMATION

A number of supporting documents and compliance information, such as our results presentations and Board and committee charters, have not been included in the reports listed above. However, they can be accessed via the website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za). Downloads available include our compliance with the Global Reporting Initiative's G3.1 guidelines and the King III application table. Copies of all reports can be obtained by emailing [ThobekaSushuba-Mashego@woolworths.co.za](mailto:ThobekaSushuba-Mashego@woolworths.co.za).

### MATERIALITY

The WHL Group is working towards formalising a process to determine materiality. For this report, those matters – direct or indirect – that are considered material to the Group's ability to create value over the short-, medium- and long-term were identified, discussed and tested against the strategic objectives, industry trends, risk register, business model and six capital requirements in the process of developing the content of the report.

### APPROVAL AND ASSURANCE OF OUR REPORTS

The WHL Audit committee has reviewed the Integrated Report (including the full and abridged Annual Financial Statements) and recommended these to the Board for approval.

The Social and Ethics committee and the Sustainability committee reviewed and recommended the Good Business Journey report as well as the social and environmental 'insights' contained in the Integrated Report to the Board for approval.

The Board has applied its mind to the Integrated Report and believes that it addresses all material issues, and fairly presents the integrated performance of the Group.

The information included in our Integrated Report has been verified by a combination of internal and external assurance specialists. The assurance elements cover a significant spread of the business operations. Details of our assurance elements and providers are available on the website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

The 2014 WHL Integrated Report was approved by the Board on 19 September 2014.

  
S SUSMAN  
Chairman

  
I MOIR  
Group Chief Executive Officer

 All reports can be obtained online [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

# THE WHL GROUP

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# WOOLWORTHS HOLDING LIMITED

**R65.5 billion**

MARKET CAPITALISATION AT 29 JUNE 2014

THE GROUP NOW EMPLOYS MORE THAN 38 000 EMPLOYEES ACROSS 15 COUNTRIES AND TRADES IN 1 200 STORE LOCATIONS.



OPPORTUNITY

The detail of the acquisition of David Jones is included on page 46 and other salient information is included to position how David Jones will fit within the Group.

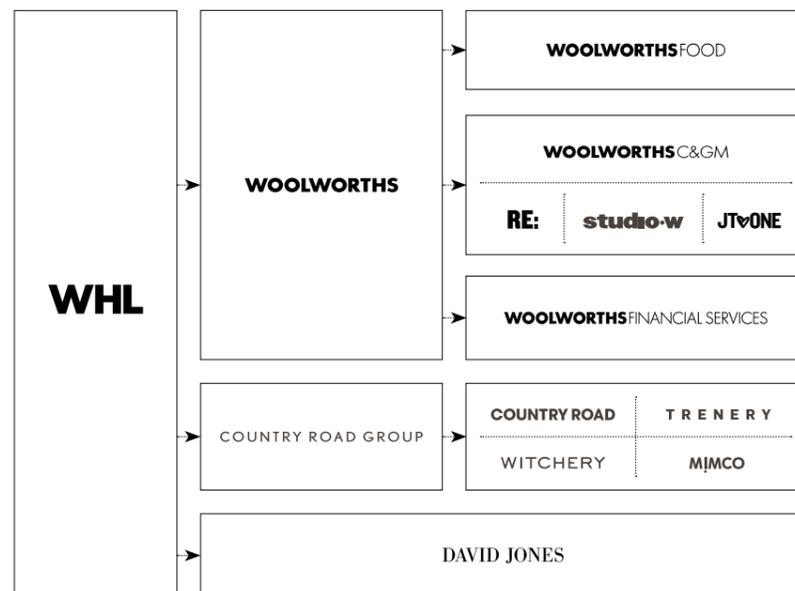
Woolworths Holdings Limited (WHL) is a South African-based retail group listed on the Johannesburg Stock Exchange (JSE) since 1997. It is one of the top 40 JSE-listed companies and had a market capitalisation of R65.5 billion at 29 June 2014.

The WHL Group consists of three operating subsidiaries, Woolworths (Proprietary) Limited (Woolworths), Country Road Limited (Country Road Group) and David Jones Limited (David Jones), which was acquired with effect from 1 August 2014. Woolworths Financial Services (Proprietary) Limited (WFS) is a joint venture with Barclays Africa Group, who has the controlling interest in WFS. Country Road Group became a wholly owned subsidiary on 2 September 2014.

Woolworths and the Country Road Group have been accounted for in all aspects of the report. However, from a financial perspective, WFS has only been included in terms of profit earned on shareholding except where highlighted. WFS is treated as an integral element of the Group in terms of strategy, commentary and key performance indicators. The detail of the acquisition of David Jones is included on page 46 and other salient information is included to position how David Jones will fit within the Group.

The Group now employs more than 38 000 employees across 15 countries and trades in 1 200 store locations.

The structure of the Group and the brands are shown below.



## OPERATING COMPANY PROFILES

	WOOLWORTHS	WOOLWORTHS FINANCIAL SERVICES	COUNTRY ROAD GROUP	DAVID JONES
<b>OWNERSHIP</b>	Wholly owned subsidiary.	50% less one share owned by Woolworths. Accounted for as a joint venture.	88% shareholding by WHL as at 29 June 2014. Wholly owned subsidiary from 2 September 2014.	Wholly owned subsidiary from 1 August 2014.
<b>ESTABLISHED</b>	1931	2000	1974	1838
<b>PROFILE</b>	Leading South African retailer offering a range of primarily private-label products under its own brand name.	South African joint venture operation with controlling interest held by Barclays Africa Group.	Leading brand in Australian retail and fashion industry.	One of Australia's leading premium department store retailers.
<b>OFFERING</b>	A selected range of quality clothing and general merchandise and a wide range of perishable, long-life and non-food products. Financial services provided through Woolworths Financial Services.	Woolworths store card, credit card, personal loans and short-term insurance.	Stylish high-quality apparel, accessories, footwear and homeware.	A range of international and private label brands in womenswear, menswear, shoes and accessories, beauty products, childrenswear, electronics and general merchandise. Financial services provided through joint venture with American Express.
<b>PRIVATE LABEL BRANDS</b>	Woolworths, Studio.W, RE:, JOne	Woolworths Financial Services	Country Road, Trenerly, Witchery, Mimco	David Jones
<b>TARGET CUSTOMERS</b>	Living Standard Measure (LSM) 8 – 10	Woolworths	A-B demographic	A-B demographic
<b>LOYALTY PROGRAMME</b>	3 million active WRewards members	Linked to WRewards	1.4 million active cardholders	None
<b>GEOGRAPHICAL FOOTPRINT</b>	South Africa, 11 countries in Africa and 1 in the Middle East	South Africa and Namibia	Australia, New Zealand and South Africa	Australia
<b>STORE LOCATIONS</b>	633 Full-line stores with clothing and food. Stand-alone food and clothing stores. Large food supermarkets. Engen forecourt.	27 Financial services hubs in Woolworths stores.	529 Stand-alone retail stores. Concessions in Woolworths stores and David Jones and Myers.	38 Retail stores
<b>EMPLOYEES</b>	28 368	Not accounted for	3 287	7 200

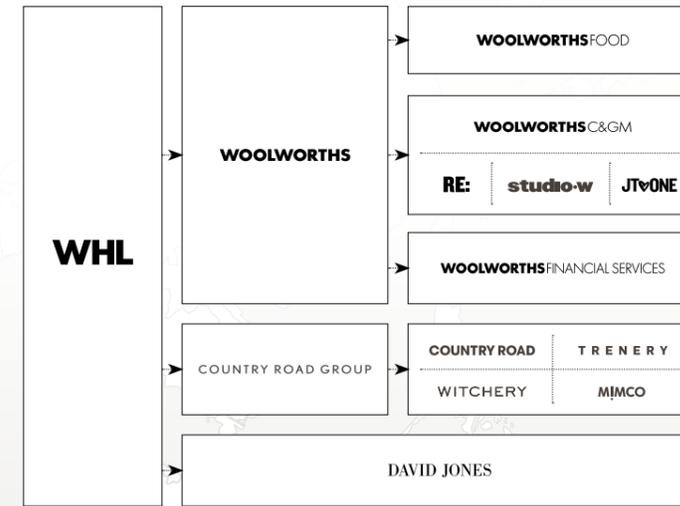
Additional content on [www.woolworths.co.za](http://www.woolworths.co.za), [www.countryroad.com.au](http://www.countryroad.com.au), [www.davidjones.com.au](http://www.davidjones.com.au)

# SOUTHERN HEMISPHERE RETAILER

The WHL Group creates value through retail brands that meet the needs of aspirational customers in the southern hemisphere.

Our footprint extends beyond stores into the communities that buy our products and use our services. We manage our broader business impact through comprehensive social, ethical and environmental practices.

WHL Group legal structure available at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)



## WOOLWORTHS FOOD

374 STORE LOCATIONS



OF TURNOVER



OF PROFIT\*

## WOOLWORTHS FINANCIAL SERVICES

AVAILABLE IN SOUTH AFRICA & NAMIBIA



OF PROFIT\*

## WOOLWORTHS C&GM

259 STORE LOCATIONS



OF TURNOVER



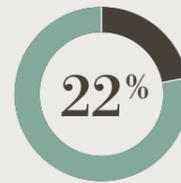
OF PROFIT\*

## COUNTRY ROAD GROUP

529 STORE LOCATIONS



OF TURNOVER



OF PROFIT\*

## DAVID JONES

38 STORES



FASHION & BEAUTY PRODUCT MIX

\*Based on segmental operating profit including earnings from WFS and excluding David Jones acquisition costs.



OUR VISION

TO BE A WORLD LEADER IN RETAIL BRANDS THAT APPEAL TO PEOPLE WHO CARE ABOUT QUALITY, INNOVATION, VALUE AND SUSTAINABILITY.

OUR VALUES

The values and the behaviour aligned with them form part of the Woolworths employees' integrated performance management process which, in turn, feeds into their annual salary reviews and short-term incentive bonus schemes.

In this way, through adherence to the values, employees are aligned in carrying out their responsibilities. The supplier code of conduct also includes elements of our value system.

A STRONG VALUE SYSTEM FORMS THE FOUNDATION OF OUR BUSINESS MODEL.

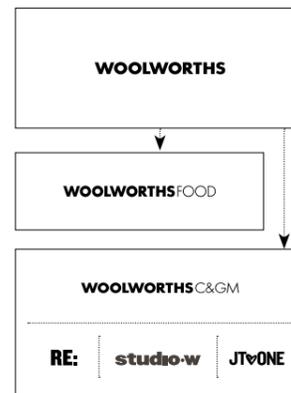
QUALITY AND STYLE	“When we deliver the best we stay focused, adopt a professional approach and demonstrate awareness of market trends”
VALUE	“When we offer value to the business, we encourage collaboration, show effective decision-making and influence others”
SERVICE	“Service means we demonstrate commitment and build effective relationships”
INNOVATION	“When we embrace innovation, we improve processes and seek creative solutions”
INTEGRITY	“When we demonstrate integrity we operate with integrity, develop ourselves and others and communicate effectively”
ENERGY	“When we act with energy, we inspire and engage, and we recognise and value others”
SUSTAINABILITY	“When we contribute to sustainability, we share the vision and plan for success, support and initiate change and embrace diversity”

OUR MISSION

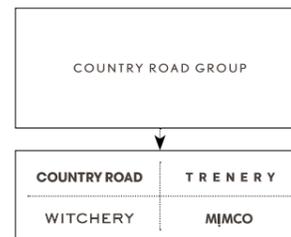
WE PROVIDE SHARED VALUE THROUGH RETAIL BRANDS THAT MEET THE NEEDS OF ASPIRATIONAL CUSTOMERS IN THE SOUTHERN HEMISPHERE.

## KEY FINANCIAL AND NON-FINANCIAL INDICATORS

WOOLWORTHS	2014	2013
Turnover	R31 617 million	R28 794 million
Adjusted operating margin	10.4%	10.1%
Number of stores	470	461
Trading area	599 435 m <sup>2</sup>	569 152 m <sup>2</sup>
Inventory turn	9.1	9.5
Number of employees	28 368	23 538
Revenue tracked on WRewards	71%	67%
BBBEE level	3	3
Delivery on Good Business Journey targets	91%	90%
CSI spend	R518 million	R500.1 million



THE COUNTRY ROAD GROUP	2014	2013
Turnover	A\$849 million	A\$706 million
Adjusted operating margin	11.5%	9.5%
Return on equity	30.4%	30.2%
Number of stores	496	479
Trading area	92 825 m <sup>2</sup>	89 563 m <sup>2</sup>
Inventory turn	3.6	4.4
Number of employees	3 287	3 370



WOOLWORTHS FINANCIAL SERVICES	2014	2013
Debtors book	R 8 821 million	R7 958 million
Interest income	R1 473 million	R1 250 million
Number of active accounts	1.930 million	1.927 million
Impairment charge	4.8%	3.0%
Return on equity	24.3%	27.6%



Woolworths, Waterstone



Country Road

## STRATEGIC FOCUS AT A GLANCE

We measure our performance in more than just financial terms. Our long-term success depends on our ability to implement the WHL Group's strategy and on achieving our targets for each of our eight strategic objectives. These support our vision of being a world leader in retail brands that appeal to people who care about quality, innovation and sustainability.



### OPPORTUNITY

The acquisition of David Jones Limited was effective on 1 August 2014. For further information refer to page 46.

#### VALUE CREATION OPPORTUNITIES

- Introduction of Woolworths C&GM private label
- Growth of the Country Road Group concession brands
- Introduction of David Jones loyalty scheme
- Enhance omni-channel performance
- Optimise real estate portfolio
- Improved margin through Group sourcing strategy

## 1 BUILD STRONGER, MORE PROFITABLE CUSTOMER RELATIONSHIPS

**71%** OF TOTAL SALES TRACKED THROUGH WREWARDS PROGRAMME

Becoming a more customer-centric business is key to developing a richer understanding of our customers and building stronger customer relationships. To build on this we have to continue enhancing our loyalty proposition. By leveraging our data, we must ensure that we offer our customers a compelling proposition and better serve their needs.

#### 2014 ACHIEVEMENTS

- Woolworths has 3 million active cardholders tracking 71% of revenue.
- Country Road Group has over 1.4 million active cardholders tracking 84% of sales.
- Improved WRewards programme, introduced Green Rewards and the Vitality Healthyfoods™ partnership which means instant and targeted rewards for more customers.
- Improved data analytics enabling us to drive sales, create cross-selling opportunities and understand our customers better.

#### 2015 FOCUS AREAS

- Continue to target LSM 8-10 customers in South Africa and mid- to upper-income customers in Australia.
- Grow and enhance loyalty programmes in all geographies.
- Further leverage customer data to drive increased spend.



## 2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE

**17.6%** ADJUSTED OPERATING MARGIN

#### WOOLWORTHS C&GM

Our Woolworths Clothing and General Merchandise (C&GM) strategy is to be a leading fashion retailer, delivering great quality at affordable prices. We will leverage our strength in innovation and sourcing and deliver the Woolworths difference across our ranges.

#### 2014 ACHIEVEMENTS

- Adultswear performed well in challenging market conditions.
- Continued building fashion credibility through modern wardrobe and brands: Studio.W, RE: and JTOne.
- Opened additional 16 001 m<sup>2</sup> trading space.
- Increased penetration of younger, black market by leveraging cross-selling opportunities in kidswear and footwear.
- Successfully completed "find your perfect fit" survey to provide future direction for sizing and fit.

#### 2015 FOCUS AREAS

- Grow our fashion credentials and innovation, whilst continuing to deliver the Woolworths difference.
- Continue to build exclusive brands; RE:, Studio.W and JTOne, and introduce stand-alone stores.
- Deliver relevant sizing and fit for South African customers.
- Deliver more competitive pricing with appropriate product tiers.



**11.5%** ADJUSTED OPERATING MARGIN

#### COUNTRY ROAD GROUP (CRG)

Country Road Group will grow its portfolio of brands, all supported by integrated systems and standardised processes, and become an omni-channel market leader. CRG will continue to differentiate the brands, each targeting a distinct segment within the mid- to upper-income target market, whilst encouraging cross-shopping across brands.

#### 2014 ACHIEVEMENTS

- Integration of Witchery Group into Country Road Group's systems and processes.
- Clearer definition of all four brands – Country Road, Trener, Witchery and Mimco.
- Opened 1 new store in Australasia and 20 store locations in South Africa.
- Successful launch of Witchery and Mimco brands in South Africa.

#### 2015 FOCUS AREAS

- Leverage customer loyalty through combined databases.
- Expansion of CRG space in David Jones including introduction of Trener brand and additional product categories across all brands.
- Expansion of brands into rest of Africa.
- Centralised distribution centre brought on-stream.

Additional content for David Jones on page 46  
Additional content for strategic objectives on pages 60 to 95

### 3 BECOME A BIG FOOD BUSINESS

**6.4%** ADJUSTED OPERATING MARGIN

Our ambition is to continue growing market share, increase penetration within our customer target market and become a much bigger food business. We will maintain our leadership in fresh produce, whilst expanding our ranges to offer a complete shop at competitive prices.

**2014 ACHIEVEMENTS**

- Continued to gain market share.
- 11 000 products on offer compared to 6 400 five years ago.
- Opened the award-winning Waterstone supermarket food store as a prototype for the future.
- Footage increased by 14 282 m<sup>2</sup>.
- Continued shifting customer perceptions about price and value through loyalty schemes and promotions.
- Maintained our food authority credentials by enhancing the store experience and by focusing on quality and flavour.

**2015 FOCUS AREAS**

- Continue to extend ranges to offer a complete shop.
- Continue to change customer perception about prices.
- Open more larger format stores.
- Enhance freshness and provide more in-store customer experience.
- Build supply chain capacity and flexibility for future growth.



### 4 BECOME AN OMNI-CHANNEL BUSINESS

Our strategy is to become an omni-channel business, providing seamless, integrated and personalised customer experiences across physical and digital channels. This will deepen our customer relationships, grow loyalty and drive sales growth.

**2014 ACHIEVEMENTS**

- Country Road Group's online sales now at 8% contribution.
- Woolworths website re-launched and is one of the fastest growing e-commerce businesses in South Africa.
- Investment in online for future growth.

**2015 FOCUS AREAS**

- Grow online revenue.
- Deliver an enriched online experience aligned with in-store experience.
- Improve range and availability of products and services online.
- Enhance David Jones online.



### 5 EXPAND INTO AFRICA

Our vision is to grow our already meaningful business in Africa to become a more substantial contributor to the Group's sales and profit. To achieve our expansion targets we are committed to growing in the countries in which we already operate, gaining critical mass and leveraging our existing supply chain and customer information.

**2014 ACHIEVEMENTS**

- Acquired 33 franchise stores in Botswana, Namibia, Swaziland and Ghana.
- Launched loyalty programmes in Mauritius and Zambia and a financial services store card in Kenya.
- Operational improvements through organisational structure and processes.

**2015 FOCUS AREAS**

- Focus on growth and consistent brand experiences in existing countries.
- Introduce Country Road Group brands.
- Build on critical mass by driving supply chain efficiencies.
- Leverage customer information for store profiling and merchandising.



### 6 SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES

**24.3%** RETURN ON EQUITY

Our vision is to deliver simple, convenient and rewarding financial services to our customers. To achieve this imperative, the Woolworths Financial Services customer experience is being transformed and more closely integrated with Woolworths.

**2014 ACHIEVEMENTS**

- Growth in debtors book and impairments well managed.
- Provided instant credit by issuing cards within 15 minutes, available in 27 stores.
- Continued improving contact centre experience.
- Enhanced digital functionality via a new web portal and mobile self-service.
- Electronic statements are now sent to more than 50% of our account base.

**2015 FOCUS AREAS**

- Attraction and retention of customers.
- Roll-out financial services hubs into more Woolworths stores.
- Deliver a consistent and integrated customer experience aligned with the Woolworths brand.



Additional content for strategic objectives on pages 60 to 95

## 7 DRIVE SYNERGIES AND EFFICIENCIES

A key strategy for the WHL Group is leveraging the scale of our Group across the southern hemisphere. Through closer integration across our businesses, we will be able to drive efficiencies and add significantly to the bottom line.

### 2014 ACHIEVEMENTS

- Costs well managed.
- Single sourcing approach with Group sourcing team and China buying office.
- Combined volumes enabled us to deliver improved product development, price accessibility and margins.
- Added 34 000m<sup>2</sup> space to Group portfolio.

### 2015 FOCUS AREAS

- Continue to drive single sourcing approach.
- Generation of revenue and cost synergies across the Group.
- Country Road Group centralised distribution centre to come on-stream.
- Build supply chain capacity and flexibility in South Africa.



## 8 EMBED THE GOOD BUSINESS JOURNEY THROUGHOUT OUR BUSINESS

91% DELIVERY OF GBJ TARGETS

Sustainability is a vital component of the Woolworths "difference" and supports our intent to be the most sustainable retailer in the southern hemisphere. The programme has eight focus areas – ethical sourcing, sustainable farming, energy, water, waste, social development, transformation, and health and wellness.

### 2014 ACHIEVEMENTS

- Maintained a Level 3 BBBEE rating in South Africa.
- More than 28 000 employees in South Africa and 3 200 in Australia.
- Employee satisfaction survey levels maintained.
- Locally and globally recognised for our sustainability initiatives.

### 2015 FOCUS AREAS

- BBBEE: implementation of revised codes.
- Update and align policies to reflect Group structure.
- Common people practices across the Group.
- Focus on ethical trade with Group sourcing.
- Increase focus on health and wellness.



 Additional content for strategic objectives on pages 60 to 95



## OUR BUSINESS MODEL

The WHL Group's business model describes how we create, deliver and capture value in our chosen target market. Although our business model remains dynamic and flexible, the WHL Group has developed a set of key competencies over the years that direct the way in which we create value. These represent areas of expertise within the generic retail value chain and clearly differentiate the Group's activities.

Our business model has proven its ability to generate sustainable returns over the short-, medium- and long-term for those investors and shareholders seeking exposure to the South African retail market.

- Long-standing supplier relationships
- Suppliers committed to WHL supplier code of conduct
- Vertically integrated suppliers
- Increased benefits from southern hemisphere economies of scale
- Ethical sourcing imperative
- Sustainable farming programmes
- Environmentally aware sourcing
- Regional food sourcing strategy
- Use of "centres of excellence"
- Enterprise development for commercial purposes

- Centralised distribution model with wide geographical reach
- Cold chain discipline for food quality and integrity
- Operational efficiencies
- Daily deliveries

- Customer segmentation model aimed at upper-income target market
- Reputable and aspirational brands
- Defensive food and clothing business mix
- Strong loyalty programmes
- Direct marketing to drive cross-shopping opportunities
- Financial services offering

### GOVERNANCE & REPUTATION

- Diverse Board with deep experience
- Strong executive management team
- Strong risk management capability
- Commitment to good corporate citizenship through the Good Business Journey
- Inclusion in the Dow Jones Sustainability Emerging Markets Index



- Trend interpretation for unique customer segments
- Design-led and fast fashion
- Innovation and quality focus
- Technology teams driving product quality and safety
- Strong and well-defined premium private label brands
- Selected third party food brands



### VALUES-BASED EMPLOYEE CULTURE

- Entrenched value system
- Strong employee value proposition
- Employment equity and skills development to drive transformation
- Remuneration policies to drive high performance
- BBBEE share ownership scheme for employees



### GROUP SOURCING



### CENTRALISED DISTRIBUTION & REPLENISHMENT



### CUSTOMER RELATIONSHIPS



### INTEGRATED SYSTEMS & DATA MANAGEMENT

- Integrated IT systems
- Planning and ordering capability
- Store catalogue and profiling ability
- Programme of ongoing IT refreshment



### RETAIL CHANNEL PRESENCE

- Southern hemisphere footprint
- Africa expansion in selected countries
- Omni-channel strategy with online investment
- Multiple store formats for customer convenience (airport to supermarket)

### BUSINESS RESILIENCE & FINANCIAL PERFORMANCE

- Exceptional shareholder returns
- Top 40 JSE ranking
- Good dividend yields
- Exchange rate hedge through geographic diversification
- Sustainable capital investment programme

## OUR BUSINESS MODEL AND THE SIX CAPITALS

The WHL Group business model relies on all six capitals as resources and input into business operations and value creation.

However, we recognise the interdependencies between the capitals and the fact that there are trade-offs between the costs and benefits offered by the capitals that we have to

manage responsibly. We rely most heavily on intellectual capital, as this is the capital that generates new products, builds the inherent value of our brands and through good governance, protects our reputation.

What remains unique about the WHL Group is the extent to which the Good Business Journey supports and nurtures

our future access to all six capitals. Through the Good Business Journey we continue balancing our long-term capital consumption as a retailer with the short-term needs of our customers.

When we consider our strategic objectives in terms of the capitals, our focus is most concentrated on supporting

growth – creating manufacturing capital by expanding our network of stores, channels, services and geographies.

The outcome of our activities is most effectively measured by our ability to meet the future needs and expectations of our customers, thereby creating loyal and sustainable customer relationships.

### INPUT

The WHL Group's pool of funds consists of revenue and earnings from joint ventures and associates of R40 129 million.

The WHL Group's network of stores, distribution centres, websites and general infrastructure throughout the southern hemisphere constitute the manufactured capital which enables the group to sell its products and services.

The WHL Group's brands, loyalty programmes, product development and innovation capability as well as intangible assets that constitute its product and service offering and provide competitive advantage. This includes customer database, cross-selling, segmentation and business planning abilities.

#### FINANCIAL



#### MANUFACTURING



#### INTELLECTUAL



#### OUTCOMES

##### FINANCIAL

The Group's operations created financial capital in 2014:

- R1 114 million to government as income tax (including deferred tax)
- R136 million to lenders as finance cost
- R2 072 million as dividends to shareholders
- R1 506 million reinvested in the group as capital expenditure
- 20% increase in share price

##### MANUFACTURING

The Group's operations were expanded during 2014 to increase manufacturing capital to:

- 1 162 store locations
- 15 countries
- 4 distribution centres
- Website presence in South Africa and Australia
- Growth in market share

##### INTELLECTUAL

Intellectual capital was increased during 2014 through:

- International and local awards
- Exclusive private label brands: Woolworths Studio.W RE: JTOne Country Road Treneroy Witchery Mimco
- Product innovation and category extension

### INPUT

The WHL Group's values-based employment proposition combined with a unique set of employee experience, skill and leadership that enables the implementation of the Group strategy and the delivery of products and services.

The key and long-term stakeholder relationships WHL has cultivated with customers, suppliers and business partners that support the Group's Good Business Journey objectives, governance reputation and customer loyalty.

The resources of an environmental nature that are used in the production, manufacturing and distribution of the WHL Group's range of food and C&GM products and services.

#### HUMAN



#### SOCIAL & RELATIONSHIP



#### NATURAL



#### OUTCOMES

##### HUMAN

Our overall contribution to human capital increased during 2014:

- Diversity and experience of 15 Board members
- More than 31 000 jobs provided
- R5 079 million paid to employees as salaries, wages and other benefits
- Level 3 BBBEE
- 5 875 active employees benefitting from BEEESOS share scheme
- R110 million training spend in Woolworths

##### SOCIAL & RELATIONSHIP

The Group's social & relationship capital increased during 2014 through the following:

- 3 million active members on WRewards programme and 1.4 million active members on Country Road loyalty programme
- R518 million social contributions
- Supplier code of conduct
- Level 3 BBBEE
- Shareholder engagement programme

##### NATURAL

The Group's operations decreased natural capital during 2014. The following mitigating actions were taken:

- 91% Good Business Journey index overall score
- 38% reduction in relative consumption of energy in South African stores
- 45 green buildings (as per Woolworths model)
- 444.2 thousand tons of CO<sub>2</sub> carbon footprint in South Africa
- 34% reduction in relative consumption of water from South African benchmark stores

## OUR INDUSTRY TRENDS

A range of macro-economic, social, political and technological factors are shaping the current and future landscape in which global retailers operate and consumers make their buying decisions. These trends test the robustness and long-term sustainability of our strategy, and affect our understanding of the issues that are material when considering our ability to create value. We have summarised key developments for our three main geographies (South Africa, Australasia and Africa) as well as three areas particularly relevant to our business: retail, technology and stakeholder interests.

### SOUTH AFRICA

#### WHAT ARE THE KEY DEVELOPMENTS IN SOUTH AFRICA?

##### South African consumers are under pressure

2014 has been a politically and economically turbulent year for South Africa. A national election was held. The five-month platinum mining strike was a contributing factor to Standard & Poor's downgrading of South Africa's sovereign credit rating. GDP growth forecasts have also seen downward adjustments for the coming three years, whereas the depreciation of the rand over the last 18 months has put upward pressure on inflation. The downside risks to growth are expected to challenge the interest rate cycle and are forecast to lead to moderate interest rate hikes.

Consumer spending projections have been revised downward with growth in real disposable income forecast to decline. Spending is being further constrained by a significant reduction in unsecured lending by local debt providers.

Record high fuel prices further dampen prospects. Trading conditions are expected to remain tough in the short term, particularly for lower- and middle-income consumers.

##### Black buying power rising

About 80% of the South African population is classified as African black. Urban migration continues, particularly among black Africans, with the emerging black middle class increasing from 1.6 million adults in 2004 to 4.2 million in 2012. These adults are estimated to have overall spending power of more than R400 billion and are most concentrated in Gauteng.

This trend is clearly reflected in the changing demographic profile of our LSM 8-10 target market. LSM 8-10 has almost doubled over the last decade, with the percentage of black consumers increasing from 11% to 39%. Furthermore, it is estimated that from this year (2013/14) there will be more black LSM 8-10 adults than white LSM 8-10 adults.

#### HOW DO WE RESPOND?

- Woolworths continues focusing on upper-income customers whose spending is more resilient during challenging economic times.
- Woolworths is also well placed to benefit from the growing population of higher income, LSM 8-10 South Africans. We need to ensure that our proposition is aligned with an increasingly black customer base.

#### RELATED RISKS

- Inability to build a sustainable and profitable business, protecting our margins and profit.
- External economic factors negatively impact our business profitability.

#### REFERENCE TO STRATEGIC RESPONSE

- Build stronger, more profitable customer relationships.
- Be a leading fashion retailer in the southern hemisphere.
- Become a big food business.
- Simple, convenient and rewarding financial services.



### AUSTRALIA

#### WHAT ARE THE KEY DEVELOPMENTS IN AUSTRALIA?

##### Contraction continues

The resource-driven Australian economy has suffered in the wake of weaker demand from China and resulting softer commodity prices. The currency has weakened against key trading partners. Interest rates are at record lows. Despite this softening, the Australian macro-economic position remains relatively strong.

The retail industry has faced several tough years, with cautious consumer spending, intense competition and higher operating costs. Over the last five years, revenues have been contracting whereas key cost items such as wages have kept growing – with a consequent impact on margins.

While the overall market has contracted, spend data shows a different dynamic across customer segments. Wealthier Australians have maintained their strong purchasing power and adopted a more expansive spending behaviour.

Double-digit growth in online shopping is forecasted for the next five years.

#### HOW DO WE RESPOND?

Country Road is focusing its brands to cater for wealthier customers and is actively growing its online retailing capabilities. We are well positioned to capitalise on the highest growth consumer segment and we will continue differentiating and positioning our brand towards this upper-income segment.

#### RELATED RISKS

- Inability to build a sustainable and profitable business, protecting our margins and profit.
- External economic factors negatively impact our business profitability.

#### REFERENCE TO STRATEGIC RESPONSE

- Build stronger, more profitable customer relationships.
- Be a leading fashion retailer in the southern hemisphere.
- Become an omni-channel business.



### AFRICA

#### WHAT ARE THE KEY DEVELOPMENTS IN AFRICA?

##### The urban wave is building

With high levels of growth predicted in the medium term, African economies are attracting investment and are growing quickly. Recent economic growth has led to rising household incomes and is driving the emergence of Africa's middle class.

Over a third of Africa's one billion inhabitants currently live in urban areas – a trend that is supported by investment in infrastructure, including formalised retail. Currently, one of the major hurdles to expanding a retail operation in Africa is availability of suitable real estate.

African consumer spend is forecast to increase and mobile phone penetration remains high at approximately 76% across Africa, with the prevalence of smartphones increasing.

#### HOW DO WE RESPOND?

The Group is actively growing its business in Africa, focusing on consolidating and growing our operations in the countries in which we already trade.

#### RELATED RISKS

- Inability to build a sustainable and profitable business, protecting our margins and profit.
- External economic factors negatively impact our business profitability.

#### REFERENCE TO STRATEGIC RESPONSE

- Expand into Africa.



RETAIL

WHAT ARE THE KEY DEVELOPMENTS IN RETAIL?

**Omni-channel retailing, personalising and connecting**  
The effective and seamless integration of digital and physical retail channels remains a key challenge for retailers globally. Online sales are growing faster than store sales across regions and categories, and it is paramount for retailers to leverage this trend.

Customer service expectations are being set by the market leaders and all participants are in search of the right balance between providing outstanding customer service and maintaining profitability.

While South African online retailing remains in its infancy, Australia is more advanced, following the clear trend seen elsewhere in the world. Although growth in online sales remain strong in all the countries in which we operate, online sales in South Africa continue to lag behind global norms due to high infrastructure costs and bandwidth constraints.

Alongside building online retailing capability, retailers need to attract customers to their physical stores. Successful retailers give consumers new reasons to visit with fresh formats, displays and experiences, including tastings, demonstrations, advice, personalised service and discussions. Stores need to engage and entertain – it is about more than just shopping.

Customers increasingly use digital channels to research products before making purchases. In the US, this represents nearly two-thirds of retail sales. Customers are becoming more collaborative and social in their purchasing decisions, using mobile devices and social media to test products within their social circles. Leveraging this trend, retailers engage directly with customers, inviting them to co-create the retail offering.

Interactions with customers are increasingly personalised, with retailers tailoring communication, special offers and products to their customers to better suit their needs.

HOW DO WE RESPOND?

- Our omni-channel strategy is vital in maintaining our competitive advantage and we are progressing well in creating a consistent user experience across both physical and digital channels.
- In terms of in-store experience, the foods business is well progressed in this area and the clothing business is currently launching new concepts in stores with the intention of creating an even more engaging store environment.
- Our customer strategy and the use of loyalty tools are key to more personalised interactions with our customers.

RELATED RISKS

- The inability to differentiate with competitors' offerings.

REFERENCE TO STRATEGIC RESPONSE

- Become an omni-channel business.
- Embed the Good Business Journey throughout our business.



OUR COMPETITIVE ENVIRONMENT

WHAT ARE THE KEY DEVELOPMENTS IN OUR COMPETITIVE ENVIRONMENT?

**Entrance of northern hemisphere based retailers**  
The northern hemisphere retailers are in search of growth opportunities in the southern hemisphere. This is evident in Australia and South Africa with the launch of Top Shop, Zara, Mango, H&M, Uniqlo and others. While these retailers will no doubt face challenges in dealing with seasonality, they also have substantial scale which allows them to offer competitive pricing.

Australian brands, Cotton On and Forever New, have also expanded into the South African market and are growing their store base.

HOW DO WE RESPOND?

For our fashion business, our growing scale in the southern hemisphere positions us extremely well to compete with international entrants. The acquisition of David Jones is a critical step forward in this strategy.

RELATED RISKS

- Loss of market share to international entrants.

REFERENCE TO STRATEGIC RESPONSE

- Be a leading fashion retailer in the southern hemisphere.
- Become an omni-channel business.
- Drive synergies and efficiencies.



STAKEHOLDER INTERESTS

WHAT ARE THE KEY DEVELOPMENTS IN STAKEHOLDER INTERESTS?

**The balancing act**

Key themes from an ethical and environmental perspective remain:

- Ethical trade and supply chain transparency in clothing
- Traceability and responsible sourcing (especially commodities) in food
- Food scarcity and food waste
- Health and nutrition
- Consumer awareness and support for environment/ community issues
- Scarce natural resources such as water and energy
- Food labelling

HOW DO WE RESPOND?

With the expansion of the Good Business Journey principles and initiatives throughout the WHL Group, our brands are well positioned with regard to ethical consumerism. Our challenge is to ensure that the communication of the Good Business Journey strategy remains clear and well understood by our customers. Assurance over key elements are managed through combined assurance model.

RELATED RISKS

- Failure to protect our reputation appropriately.

REFERENCE TO STRATEGIC RESPONSE

- Embed the Good Business Journey throughout our business.
- Drive synergies and efficiencies.



## TECHNOLOGY

### WHAT ARE THE KEY DEVELOPMENTS IN TECHNOLOGY?

#### Technology and customer relationships

There are five key technology trends that affect our operational environment:

- Retailers are communicating and transacting with customers across multiple channels, digital and physical, presenting their brand, products and services seamlessly and consistently.
- The power of social media is being harnessed to drive retail sales using platforms such as Facebook, Pinterest and Twitter.
- Given the considerable digital engagement between retail brands and their customers, retailers have access to an extraordinary amount of structured and unstructured customer data, which can be used to guide strategic decision-making.
- Cloud services are becoming ubiquitous, with the opportunity to improve speed of implementation, flexibility and reduce cost.
- Cyber security is a rising threat, with retail having some of the highest compromised security statistics.

### HOW DO WE RESPOND?

- We continually enhance our online and in-store customer propositions, bringing them ever closer in terms of customer experience. We have a strong social media presence in South Africa and Australia, and are constantly looking to refresh and enhance our positioning.
- Woolworths makes decisions informed by robust analysis, using multiple sources of customer data, including our loyalty programmes.
- We are focused on protecting our business from security threats.

### RELATED RISKS

- Poor prioritisation processes result in investment in sub-optimal or inappropriate technology for our customers and markets.
- Low level of business readiness to recover operations in the event of a significant interruption to the business.

### REFERENCE TO STRATEGIC RESPONSE

- Build stronger, more profitable customer relationships.
- Become an omni-channel business.
- Drive synergies and efficiencies.



## OUR STAKEHOLDERS

Sustainable relationships form the foundation of the WHL Group's ability to create value. We appreciate that stakeholders' perceptions affect our reputation in all the markets in which we operate, and that we need to deal with these proactively while ensuring that we maintain a balance in our treatment of stakeholders.

Our stakeholders and their interests in our activities vary according to geographical location, relevant business segment and nature of the interest. The Board retains oversight of stakeholder management, while the implementation and monitoring of stakeholder engagement is the responsibility of the management teams of the Group.

In our South African operations, we continue formalising our engagement process to ensure that we understand the interests and expectations of our stakeholders, and that we address and communicate these issues effectively.

We have made good progress on consolidating our stakeholder engagement activities, understanding the "relationship owner" and consolidating information resulting from these activities.

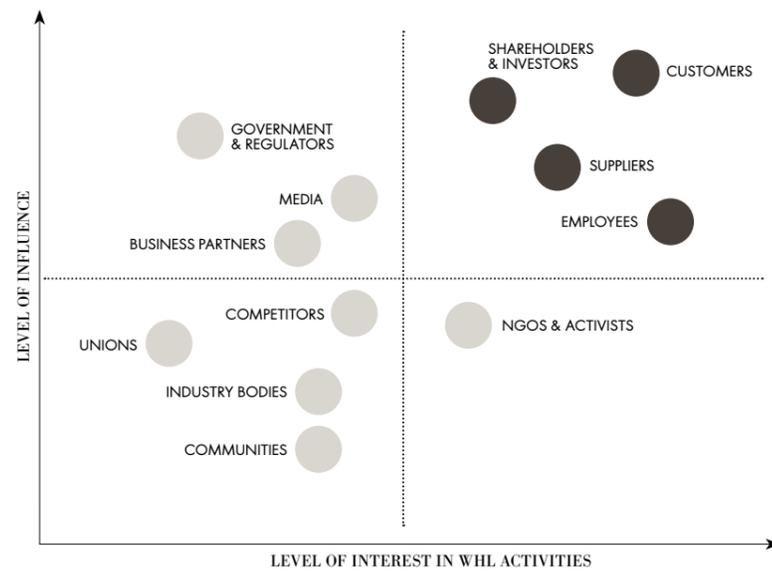
In the process, we prioritise our input and feedback based on the degree to which a particular stakeholder or group is affected by our activities, and the degree to which a particular stakeholder or group can influence the outcome or success of our activities.

Some of the key principles on which we base our stakeholder engagement approach are:

- Constructive and co-operative engagements
- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Working towards regular and structured engagements
- Engagements to be based on business critical aspects, national priorities and material issues for the business
- Recognising that all stakeholders are also existing or potential customers

The Group's stakeholder universe includes communities, business partners, unions, industry bodies, government, regulators, customers, etc. To focus our reporting on these stakeholders, we have mapped them according to their ability to impact strategic planning and decision-making and the level of interest in the Group. Although we consider the entire universe of stakeholders in our engagement planning, we focus our reporting on key stakeholders.

Our stakeholder engagement rationale, stakeholder issues, engagement channels and frequency are all set out in detail on our website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).



Additional content at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)  
Additional content in Good Business Journey report



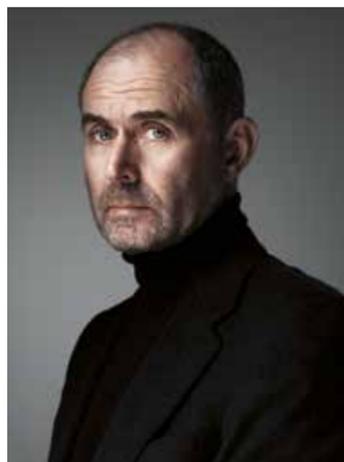


# OUR PERFORMANCE

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## OUR CHAIRMAN'S REPORT



# 22.9%

THREE YEAR COMPOUND  
PROFIT GROWTH

TOTAL DISTRIBUTION  
FOR THE YEAR OF  
251.5 CENTS  
(234.0 CENTS IN 2013)  
AN INCREASE OF 7.5%  
ON 2013.

The WHL Group continues to evolve its business model in a most exciting way. We are on a journey to expand through the southern hemisphere to bring the scale that enables us both to defend our current position and to move ourselves forward in the market. As Group Chairman, I am particularly pleased to observe that together with our significant expansion, the values which formed the basis of our past relationship with customers, staff and broader stakeholders, are stronger than ever. They will continue to be the glue that cements this now, far larger group, together.

This has been a particularly interesting year with much change and good delivery on the ground. Our recent purchase of Witchery and Mimco has gone well and did bring some scale to our Australian business – the results for the larger Country Road Group were again outstanding. We brought the two new brands to South Africa, where like Country Road and Trenery, they complement the Woolies clothing offer. This is especially true for our Food customers, predominantly LSM 9-10.

In that, our Food Business, we have now successfully defined the space in which we wish to operate, evidenced by the great success of our new Somerset West supermarket. This store won a number of prestigious awards – including being named the “most beautiful supermarket in the world”. We have also recently completed buying our franchise businesses in Botswana, Namibia, Ghana and Swaziland as well as many of our African businesses.

We continue to develop our online business – indeed it represents close to 8% of Country Road's revenue and holds many lessons for the rest of the group.

Of course, the major leap during the year, has been the offer to purchase David Jones in Australia and the concurrent offer to gain full ownership of the Country Road Group – this, after 16 interesting years of majority ownership. David Jones is a remarkable business with a 176 year old history and has, like Woolworths, always had a tradition of the highest quality, the most stylish fashion and great value for money for its customers.

Approaching half of our profit will, in future, flow from Australia. Our combined buying power in clothing becomes the second largest in the southern hemisphere. This will give us enhanced ability to drive innovation and value for our customers. It also gives our shareholders a strategic spread of operations between South Africa, Africa and Australia. Our brands target the higher income, more aspirational customers in each of these markets and we see the numbers of these customers growing in all regions.

At R21.4 billion, the David Jones transaction is a big step for WHL and places great responsibility on our executive team to deliver a return to the shareholders that backed us. It also gives great growth opportunity for employees and suppliers to each of our businesses. The Board is well aware of its responsibilities around governance both in South Africa and Australia, and will continue to diligently apply the principles that have given us a reputation for transparency and integrity in conducting our business.

### PERFORMANCE

2014 was a good year for the WHL Group. Overall sales growth of 14.4% reflects gains in market share in South Africa, Africa and Australia. Our comparable profit numbers grew by 20.1%, taking our three year compound growth to 22.9%. The results

this year, in particular, were achieved against a backdrop of constrained global economic conditions, a weakening South African economy, and softer consumer confidence in Australia. Our target upper-income market segments do, indeed, continue to remain more resilient.

### DIVIDEND PAYMENT

For the 2014 reporting period, a final dividend of 150.5 cents per share has been declared (148.0 cents in 2013), taking the total distribution for the year to 251.5 cents (234.0 cents in 2013) – an increase of 7.5% on 2013.

In our business rationale for the David Jones transaction, we indicated to shareholders that we expect over time, a strong earnings growth from our now materially higher base. Despite the size of the acquisition, WHL remains strongly cash generative. This will enable us to fund ongoing capital expenditure, pay our taxes in each of our jurisdictions, and continue our dividend payments in line with current policies.

### OUR GOOD BUSINESS JOURNEY

We continue to drive Sustainability both as a core value, and as a strategic imperative. We know that our customers expect us to be drivers of change, and that our employees take great pride in this journey. For them this is an added reason for joining the WHL family. Across the water, both the Country Road Group and David Jones are strengthening their own efforts towards doing business in the most sustainable, value based, manner.

Woolworths again came out as number one in the Reputation Institute's National RepTrak® Pulse survey – reflecting the commitment and passion that our people bring to our brands. This is the second

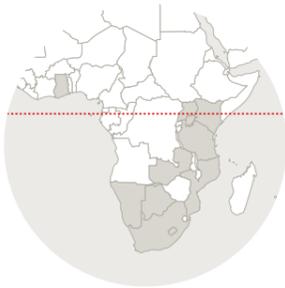
time in three years that Woolworths has been voted South Africa's most reputable institution.

Much is done throughout the group through The Good Business Journey. The Date Expired Foods programme in Woolworths generated R424 million worth of food given to needy institutions, and that is after our staff have been offered product at half price. We also contributed R52 million through our MySchool programme to schools and other charities.



OPPORTUNITY

*Approaching half of our profit will, in future, flow from Australia. Our combined buying power in clothing becomes the second largest in the southern hemisphere.*



*In Africa, the pace of growth is so much faster than at home. This is driven by a long term trend towards greater and not lesser democracy – towards opening rather than controlling markets, and towards more, rather than less, personal freedoms.*

OUR ENTERPRISE DEVELOPMENT PROGRAMME IS NOW BUILDING SUSTAINABLE BLACK OWNED BUSINESSES THROUGHOUT OUR CHAIN OF SUPPLY.

Our Enterprise Development programme is now building sustainable Black owned businesses throughout our chain of supply. This happens particularly in agriculture, where we see real transfer of skills taking place between our traditional suppliers and those emerging producers whom they sponsor.

In Australia, Witchery's White Shirt Ovarian Cancer campaign raised A\$1.2 million for this remarkable cause. Country Road, through its Fashion Trade programme raised \$A1.5 million through collecting over 27 000 pieces of used fashion items for The Red Cross in Australia and New Zealand.

Our Woolworths BEEESOS scheme has paid out dividends of more than R241 million over the past seven years – and has the prospect of a material payout for thousands of our staff when the scheme vests in July 2015.

## OUR GEOGRAPHIES AND MARKETS

I referred earlier to the strategic spread of our footprint. This not only brings scale but gives good spread of both risk and opportunity.

In Africa, during the year, we largely completed the acquisition of our franchise business in Botswana, Namibia, Ghana and Swaziland. I wish to pay particular tribute to the Handa family of Gaborone, who had over 25 years, built a remarkable business – one that is true to our values and is a proper representation of the Woolworths brand for local customers. We are delighted that Ish Handa will remain a director of the Botswana business.

Having also just completed the purchase of our Zambian business, we are now either full owners or majority shareholders of all previous franchises both in South

Africa and Africa. This puts us in a position to drive many of the benefits offered by direct control, from brand consistency to capturing real operating synergies.

In Africa, the pace of growth is so much faster than at home. This is driven by a long-term trend towards greater and not lesser democracy – towards opening rather than controlling markets, and towards more, rather than less, personal freedoms. These trends, together with education standards that are steadily improving, will ensure economic growth and aspirant African customers for the Group in the future.

We see Australia as an interesting mix of an emerged and an emerging market. Whilst it is a highly competitive retail market, it has low sovereign risk and is a sophisticated and well managed economy with stable macro-economic policies and consistent growth. Like an emerging market though, it is strongly resource based and – important for retail sustainability – its immigration policies are delivering a growing young population – future customers for our Brands.

The South African economy – of our markets, the one with the highest economic potential, on the other hand, shows growing signs for concern.

The remarkable progress of the first two post-apartheid administrations is coming under serious threat. That "Economic and Social Miracle", as it became known, was able to radically reduce poverty, deliver well balanced fiscal disciplines and encourage private investment, both local and foreign into the economy. We are now in danger of turning that tide backwards and are beginning to seriously constrain the growth of the South African economy.

Empowerment and national transformation are ideals that Woolworths has

contributed passionately towards and which all forward looking South Africans share. However, sacrificing jobs and economic growth to achieve this aim will not work. We need instead a vibrant, growing economy and in particular, a confident, tax-creating private sector – one that is enabled to provide the dignity of work and the opportunity for growth to all of society. This is the philosophy that lies at the heart of the National Development Plan.

Our Nation's absolute first priority must be to provide work opportunity to the millions of jobless around the country. On a human level, this is the first and most critical element of empowerment and transformation.

Our current labour philosophy and legislative environment makes this almost an impossible task. We need the courage to change this. Giving the unemployed a foot into the labour market with internationally competitive, productivity-based wages, especially in the rural areas, has to be a better option than the despair of no work opportunity, no wages and no real hope to better the future for individuals' families.

Let's have a Department of Employment rather than a Department of Labour and see where that philosophical shift takes us!

Secondly, we need a serious focus on the regulatory impact of the continuous flow of legislation that business has to contend with. Often well-meaning, much legislation is poorly thought through and has had little prior consultation with industry. It then simply snarls up the ability of enterprise to function. These "fixes that are doomed to fail", then necessitate reworking, or worse, even tighter rules and regulations that are even more difficult for business to follow.

Given all of this, we again strongly encourage Government to engage

regularly and directly with business. Business shares the same goals as Government – greater transformation, more jobs, a stronger society and a stronger economy. It understands how to create jobs. It understands how to create a tax base and will willingly engage on reducing negative Regulatory impact. The Presidential Working Group is a good start, but it needs to become far more proactive and a key part of Government's law-making process. We really can help each other free this economy up for growth

The prize for the Nation is a sustainably transforming economy, with an ever stronger tax base, and for Woolies, of course – future customers, future suppliers and future leaders.

## OUR BOARD

There have been a number of changes to our Board as we continue our process of ongoing refreshment.

Norman Thomson, who has been Finance Director of WHL since 2001, retired in November 2013 after more than 22 years of service. He made a fundamental contribution to our business, both in South Africa and Australia. We wish him well in his retirement.

Chris Nissen, Non-executive Director, will retire after the Annual General Meeting, following ten years on the Board – all as chair of our Transformation and latterly our Social and Ethics committee. Chris can be justly proud of the transformation progress that has taken place under his committee chairmanship.

One of our brightest young directors, Lindiwe Bakoro, resigned from the Board in November 2013 after four years of service to take on a full-time executive role in industry. We wish her well with this appointment.



.....  
**AUSTRALIA IS A HIGHLY COMPETITIVE RETAIL MARKET, IT HAS LOW SOVEREIGN RISK AND IS A SOPHISTICATED AND WELL MANAGED ECONOMY WITH STABLE MACRO-ECONOMIC POLICIES AND CONSISTENT GROWTH.**  
 .....



OPPORTUNITY

We welcome the 7 200 strong team in David Jones to the Woolies group.

OUR SUPPLIERS, WHO NUMBER MANY HUNDREDS, ARE EQUALLY PART OF OUR FAMILY AND OUR JOURNEY.

We are pleased to announce that two new independent non-executive directors joined the Board on 1 July 2014:

- Nombulelo Moholi is a highly respected business woman in South Africa and was the previous Chief Executive Officer of Telkom.
- Hubert Brody is the recently retired Chief Executive Officer of the Imperial Group. It is our intention that Hubert will chair the Audit committee after the 2015 Annual General Meeting.

Given our now considerable presence in Australia, we will seek an appointment from there and should be in a position to make an announcement shortly.

Perhaps one of the key milestones of the Board's progress is that three of our four executive directors are now black - all appointed for their personal abilities. This is testimony to our view that in a growing business, identifying top talent early in their careers and developing that raw material over a number of years, brings true sustainability to transformation.

Sam Ngumeni, the Chief Operating Officer of Woolworths, was appointed as an Executive Director to the Board in February 2014. Sam has been with the Group for thirteen years and is responsible for supply chain, information technology, people and transformation. He is also a member of the Board of Woolworths Financial Services, where he was previously Chief Executive Officer.

Reeza Isaacs was appointed to the Board in November 2013 and has assumed the responsibilities of Finance Director. We had worked with Reeza in the audit industry, where he was initially our audit partner and later a senior partner of Ernst and Young.

Zyda Rylands, Managing Director of Woolworths Food, has been with us in senior positions since 2005 and is successfully building Woolworths Food into a great business.

Within Woolworths, Brett Kaplan, our Clothing & General Merchandise Managing Director, retires after 37 years with the business. Brett has made a significant impact on our growth and our reputation for quality, fashion and innovation. We thank him for his great contribution.

OUR PEOPLE AND OUR SUPPLIERS

We welcome the 7 200 strong team in David Jones to the Woolies Group. We now employ some 38 000 people throughout the southern hemisphere. They are each proud of their brands and passionate about their customers.

Our suppliers, who number many hundreds, are equally part of our family and our journey. They help provide the beautiful merchandise and effective services our customers expect from us.

Our job is to delight those customers and it is our people and our suppliers who create that delight. To all of these and of course, our customers, we express our deepest appreciation.

Handwritten signature of S Susman

S SUSMAN Chairman



Country Road, Spring 2014

## OUR CHIEF EXECUTIVE OFFICER'S REPORT



# R39.7bn

WHL GROUP TURNOVER FOR 2014

OUR FOCUSED STRATEGY HAS BEEN DELIVERING STRONG RESULTS, WITH SALES AND PROFIT IN FOOD AND CLOTHING GROWING MATERIALLY OVER RECENT YEARS.

The year 2014 has been a remarkable one for the WHL Group. With the acquisition of David Jones, the achievement of 100% ownership of Country Road Group, the purchase of 33 stores from our franchisee in Botswana, Namibia, Swaziland and Ghana and strong growth from Woolworths operations in South Africa - the Group is now a leading southern hemisphere retailer of real scale.

WHL Group turnover for 2014 delivered R39.7 billion – up 14.4% on last year (52.53 weeks: 12.7%), including the fully integrated Witchery and Mimco businesses in Australia. Some of our achievements in the past year are:

- Woolworths Food consistently achieving growth above the market for the full year and indeed since September 2011
- Opened an additional 16 001m<sup>2</sup> trading space for Woolworths C&GM and 14 282m<sup>2</sup> for Woolworths Food
- Country Road profits increased by 46.9% from A\$64 million to A\$94 million
- 71% of Woolworths sales and 84% of Country Road sales now tracked through loyalty programmes
- Launched Witchery and Mimco brands across South Africa

Our focused strategy has been delivering strong results, with sales and profit in food and clothing growing materially over recent years reflecting a compound annual growth rate in headline earning per share of 27% over the last five years.

The markets in all our geographies (South Africa, Australia and Africa) are changing, with more international brands on offer through a wider variety of shopping channels. For the Group to remain competitive in the long-term we believe in building a large-scale, highly efficient multi-geography business.

Our southern hemisphere focus makes sense from all perspectives. It enables us to leverage common fashion seasonality with enhanced sourcing capability – a key advantage over northern hemisphere competitors. It brings focus to markets that have attractive growth opportunities in our preferred segments. Our depth of experience and expertise in the South African and Australian retail sectors brings intellectual, social, relationship and human capital to a business model that has shown resilience and sustainable returns.

Our Good Business Journey, which now encompasses the sustainability activities of the entire Group, ensures that we align our values and the way in which we conduct our operations across all our business units and that what we do is right both socially and environmentally.

### PERFORMANCE OVERVIEW FOR 2014

Whereas the Australian economy is characterised by low but steady economic growth forecasts as well as low inflation and interest rates, the South African economy is being challenged by an upward interest rate cycle, rising utility costs, unemployment and union activism. Food inflation has shown a year-on-year increase to June 2014 of 8.0%.

Considering these market conditions, overall growth for 2014 was solid, driven by an excellent performance in Woolworths Food and Country Road, and an above-market performance in Woolworths Clothing and General Merchandise. Adjusted Group profit before tax (on a 52.52 week basis) increased by 20.1% to R4.4 billion. Adjusted headline earnings per share increased by 17.1% for the year to 398.0 cents per share.

Gross margins improved across most business segments, and together with good cost control delivered growth of

20.1% in adjusted profit before tax. We are well on track to deliver to our medium-term operating margin targets. Return on equity is at a satisfactory 46.7% (49.5% in 2013) after adjustment for the unrealised foreign exchange losses.

### PERFORMANCE IN SOUTH AFRICA

Our target market in South Africa is growing and transforming rapidly. Soon, half of the customers in the LSM 8-10 segment, which constituted more than 9 million people last year, will be black. These are the customers of the future who typically spend four times more than a LSM 6 family on clothing and footwear per year.

International clothing retailers with higher priced, branded fashion ranges such as Cotton On, Top Shop and Zara have begun to make inroads among upper income customers in South Africa. Our estimates show that these brands have probably grown to 1–2% of the market to date, with further growth anticipated. H&M have signed an agreement to open their first store in 2015.

With increasing competition in this market, we are pleased with an increase in clothing sales of 10.6% (52.53 weeks: 8.4%) for the trading period, with comparable sales up 8.6%, an above-market performance.

The gross profit margin in Woolworths Clothing and General Merchandise improved slightly despite us making higher investments in entry price points and in-season promotions. Adjusted operating profit margin was up 0.4% to 17.6% from 17.2% last year.

We believe that the good performance can be attributed to a large extent to our improved clothing sourcing strategy and speed to market, which enables the business to shorten lead times. New ranges have been launched for RE,

Studio.W, and JOne brands and we have high expectations of these going forward.

Country Road Group brands are performing well in South Africa. The Country Road and Trenerly brands are becoming more entrenched in the shopping repertoire and customers have responded positively to the launch of the Witchery and Mimco brands into Woolworths stores. This good performance gives us confidence for future roll-outs both in South Africa and selected countries in the rest of Africa.

Woolworths Food has shown excellent growth above the market, this being achieved on an already high base in prior years. Food sales grew by 14.8% (52.53 weeks: 12.7%), with a price movement of 7.9%. Growth is driven by particularly strong performances from non-foods and groceries.

We are now at 11 000 food SKUs from 6 400 five years ago and have increased our promotional activity to support our supermarket strategy. This has put gross profit margins under some pressure, but still delivered a 6.4% adjusted operating profit margin. Our three supermarkets in Nicolway, Parkview and Waterstone have all performed beyond expectations, and are setting the tone for future growth in foods. The food store development plan is ahead of schedule, mostly as a result of current store expansions, and there is a good pipeline for future store development.

Woolworths Financial Services continues to deliver results with strong book growth of 10.8% year on year, driving net interest income growth of 17.7%. This takes the gross portfolio balance to R8.8 billion. Impairments, as expected, were higher than last year at 4.8%, a more normalised level compared with the 3.0% in 2013.

The online sales contribution in South Africa, though rapidly growing,

# 20.1%

ADJUSTED PROFIT BEFORE TAX

OUR DEPTH OF EXPERIENCE AND EXPERTISE BRINGS INTELLECTUAL, SOCIAL, RELATIONSHIP AND HUMAN CAPITAL TO A BUSINESS MODEL THAT HAS SHOWN RESILIENCE AND SUSTAINABLE RETURNS.



OPPORTUNITY

*The preparation and planning for the David Jones acquisition was a priority during 2014. We are very pleased with the prospects offered by the transaction (read about the transaction rationale and funding on page 46). David Jones delisted from the Australian Stock Exchange on 1 August 2014.*

Additional content for David Jones on page 46

is still small by international standards, with the majority of sales coming from Woolworths Food. The operational support for online is improving, and it is pleasing to see Woolworths online being ranked third in the 2014 Online Retail SITESatisfaction survey.

**PERFORMANCE IN AUSTRALIA**

Australia remains an attractive market with a sound economy and growing levels of wealth. Increasing life expectancy is translating into a growing "lifestyle" market segment of older people, as well as an expanding professional workforce with increasing numbers of higher income earners.

The Australian apparel market has been experiencing an unprecedented disruption with mixed outcomes. There are winners, such as online pure plays, new overseas entrants and sports apparel, and there are losers such as our core competitors and local fast fashion brands. Country Road Group has emerged as a remarkable performer within a difficult market.

Country Road Group continues to trade strongly with Group sales up 20.3% compared to last year (the Witchery Group now included for the full period), with good growth from South Africa. On a comparable basis in Australia, sales grew 7.2% and online sales now constitute 8% of total group sales. The Country Road Group is now in excess of 20% of WHL Group's profit.

The operational integration of Witchery and Mimco into the Country Road Group continues, with most of the core business systems and processes now standardised. Our focus going forward is on driving key Group initiatives such as the Group loyalty scheme, a new point-of-sales rollout and a new consolidated distribution centre.

**PERFORMANCE IN AFRICA**

Our strategy of buying back our local South African and African franchise operations is almost complete with the purchase of 33 stores in Botswana, Namibia, Swaziland and Ghana ("BNSG") and a further nine stores in South Africa. The BNSG purchase brings scale to the Africa operations and we can now build capacity and capability to take this strategy forward.

Overall, Africa is performing well with good performance particularly in Mauritius, Kenya and Zambia. We closed our operations in Nigeria, as it became apparent that it was more of a northern hemisphere business with challenges in the supply chain compromising our ability to provide a credible offering to customers.

While Africa currently represents a small contribution to the Group's profits, it is a region which we will continue to focus on. Post year-end we acquired the minority interest in the Zambia operations and will purchase another four South Africa franchise stores.

**CORPORATE TRANSACTIONS**

The preparation and planning for the David Jones acquisition was a priority during 2014. We are very pleased with the prospects offered by the transaction (read about the transaction rationale and funding on page 46). David Jones delisted from the Australian Stock Exchange on 1 August 2014.

Our offer to minority shareholders in the Country Road Group has also been accepted. The Country Road Group has been delisted from the Australian Stock Exchange.

Both transactions put the WHL Group in a better position to deliver on its long-term strategy with clear focus and scale.

We regard the WHL Group as essentially a South African business, headquartered in South Africa and listed on the JSE. The Board and executive have no plans for other listings – the focus for the short-to medium-term will be on integrating the three business divisions.

**OUTLOOK STATEMENT**

We expect that the economic environment in all three of our geographies will improve steadily over the next three years, but growth will be constrained in the short term.

Our strategy is working and the teams are very focused on delivery to it. With the David Jones acquisition, time is of the essence. Integration will happen with speed and opportunities will be approached with urgency.

We want to continue delighting our customers with great stores and rewarding shopping – every time they interact with us.

**APPRECIATION**

The Group now employs over 38 000 people across 15 different countries and it is those people who deliver the difference on a daily basis for our customers. I would like to thank them all for the efforts to make this year a success. In particular I would like to thank the Board for their support during this transformational year and my executive committee for their leadership in driving the execution of the strategy.



**IAN MOIR**  
Group Chief Executive Officer



## DAVID JONES - A PERFECT FIT

### OPERATES 38 STORES IN AUSTRALIA



10%

ABOUT 10% MARKET SHARE OF DEPARTMENT STORE SPEND

### OWNS FLAGSHIP STORES IN SYDNEY AND MELBOURNE

Carries a range of leading Australian and international brands, many on an exclusive basis.

The acquisition of the oldest and one of the most prominent department stores in Australia, David Jones, offers a perfect fit with the WHL Group's aggressive growth plans and focus on the southern hemisphere. From a strategic perspective, the acquisition will give momentum to four of our eight strategic objectives (details of the short-term opportunities are set out in the strategy report from pages 62 to 95).

Both David Jones and the WHL Group operate in a dynamically changing retail market with increasing northern hemisphere competition – thus creating the need for more scale, efficiency and market penetration opportunities.

A mirror image of Woolworths, David Jones provides the perfect platform for expansion in Australia, which offers attractive growth in our common target customer segment. It occupies a similar customer positioning to Woolworths at the premium end of the apparel market, with both businesses enjoying strong aspirational brand identities and a strong alignment of values that put the customer first, offering excellent service and quality.

Alignment with the core business model of the WHL Group means that there are clear, long-term benefits in combining the operations of these entities, creating a southern hemisphere department store with a global sourcing network and the ability to leverage common seasonality.

Woolworths has operated successfully in Australia for over 16 years through the Country Road Group.

The addition of David Jones to Group operations can be expected to increase profitability through collective sourcing and higher volumes. Our ranges can be expanded across the Group, and the David Jones private label offering (which is one of Woolworths' key competencies) can be increased.

Other WHL Group competencies that can have a positive impact on David Jones include our existing loyalty and customer reward programmes, our online initiatives as well as the Group's profiling and allocation systems and processes.

The David Jones acquisition is a transformational transaction where the WHL Group can create significant value for a wide range of stakeholders. We believe that the value creation opportunities are in excess of R1.3 billion in incremental earnings before interest and tax per annum by year five.

The acquisition is expected to deliver an internal rate of return well above the WHL Group's cost of capital and the earnings per share impact is expected to be broadly neutral by 2016.

### EXPECTED SYNERGIES FROM THE ACQUISITION

Certain initiatives have been identified, including with respect to Country Road Group, which will deliver synergies within five years of the completion of the acquisition. These initiatives include:

- increased sales of higher margin private label products within David Jones stores;
- expansion of the Country Road Group brands within David Jones stores;
- introduction of a David Jones loyalty programme, leveraging off the WHL Group's experience with its WRewards programme and the Country Road Group loyalty programmes;
- enhancement of David Jones' online performance, with the introduction of a broader catalogue of products on the David Jones website;
- optimising David Jones' real estate portfolio; and
- integration of David Jones' sourcing platform into the Group's overall sourcing strategy, to lower the cost of goods through volume-based sourcing benefits.

### FACTORS THAT MIGHT AFFECT OUR PLANS

A transaction of this size and scope demands strong governance as well as intense management control and attention. Our track record in the Group shows that we have the ability – and the appetite to take on the challenge.

We fully recognise the risks involved with a transaction of this size and have identified the most significant ones as being that the integration of David Jones may be more time-consuming and costly than expected, and that the synergies may be lower than expected.

In recognising these risks, we have put the necessary processes, systems and skills in place to mitigate these in all areas of our operations.

### TRANSACTION DETAILS

The WHL Group's offer to buy David Jones was approved by WHL shareholders on 17 June 2014 and by David Jones shareholders on 14 July 2014. Following the approval of the Federal Court of Australia, the transaction was concluded on 1 August 2014.

The WHL Group acquired all of the issued ordinary shares of David Jones for A\$4.00 per share, amounting to a total cost of A\$2.1 billion (R21.4 billion).

The WHL Group has funded the acquisition through a combination of cash and debt, as well as the proceeds of a rights offer of R9.98 billion launched on 9 September 2014.

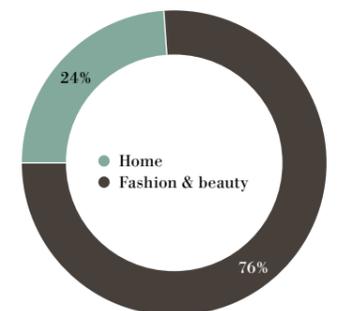
The debt funding structure is not expected to have an impact on WHL's dividend payout policy.

David Jones has been delisted from the Australian Stock Exchange (ASX) and will be accounted for as a business segment in future reporting periods.

>A\$1.9bn

REVENUE

Upper-income target market, predominantly female



CATEGORY CONTRIBUTION

Product portfolio includes womenswear, menswear, shoes and accessories, beauty products, childrenswear, electronics and general merchandise.

1838

FOUNDED IN SYDNEY, AUSTRALIA AND FIRST LISTED IN 1920

Additional content on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za), [www.davidjones.com.au](http://www.davidjones.com.au)

## OUR FINANCIAL RESULTS

The Group statement of comprehensive income, financial position and changes of equity have been extracted from the Group Annual Financial statements. An analysis of selected information can be found in the Finance Director's report.

<b>GROUP STATEMENT OF COMPREHENSIVE INCOME</b>	52 weeks to 29 June 2014 Rm	Restated* 53 weeks to 30 June 2013 Rm
<b>Revenue</b>	39 944	35 399
<b>Turnover</b>	39 707	35 227
<b>Cost of sales</b>	24 209	21 674
<b>Gross profit</b>	15 498	13 553
Other revenue	125	115
<b>Expenses</b>	11 680	10 199
Store costs	7 614	6 639
Other operating costs	4 066	3 560
<b>Operating profit</b>	3 943	3 469
Investment income	112	57
Finance costs	136	68
<b>Profit before earnings from joint ventures and associate</b>	3 919	3 458
Earnings from joint ventures	181	180
Earnings from associate	4	9
<b>Profit before tax</b>	4 104	3 647
Tax	1 114	1 009
<b>Profit for the year</b>	2 990	2 638
<b>Other comprehensive income:</b>		
<b>Amounts that may be reclassified to profit or loss</b>		
Fair-value adjustments on financial instruments	(239)	128
Deferred tax on fair-value adjustments on financial instruments	57	(40)
Exchange differences on translation of foreign subsidiaries	177	92
<b>Amounts that may not be reclassified to profit or loss</b>		
Post-retirement medical benefit liability-actuarial (loss)/gain	(8)	31
Deferred tax on post-retirement medical benefit liability	2	(9)
<b>Other comprehensive income for the year</b>	(11)	202
<b>Total comprehensive income for the year</b>	2 979	2 840
<b>Profit attributable to:</b>	2 990	2 638
Shareholders of the parent	2 888	2 597
Non-controlling interests	102	41
<b>Total comprehensive income attributable to:</b>	2 979	2 840
Shareholders of the parent	2 868	2 770
Non-controlling interests	111	70
<b>Earnings per share (cents)</b>	367.3	337.9
<b>Headline earnings per share (cents)</b>	365.2	340.4
<b>Diluted earnings per share (cents)</b>	362.7	331.3
<b>Diluted headline earnings per share (cents)</b>	360.6	333.8

 Additional content in Annual Financial Statements Report

<b>GROUP STATEMENT OF FINANCIAL POSITION</b>	At 29 June 2014 Rm	Restated* At 30 Jun 2013 Rm
<b>ASSETS</b>		
<b>Non-current assets</b>	8 192	6 773
Property, plant and equipment	3 404	2 683
Investment properties	115	43
Intangible assets	2 946	2 440
Investment in associate	2	60
Investment in joint ventures	799	713
Prepaid employment costs	–	–
Participation in export partnerships	30	38
Other loans	106	83
Deferred tax	790	713
<b>Current assets</b>	14 077	5 367
Inventories	3 436	2 901
Trade and other receivables	1 067	668
Derivative financial instruments	23	211
Tax	9	5
Cash and cash equivalents	9 542	1 582
<b>Non-current assets held for sale</b>	–	63
<b>TOTAL ASSETS</b>	22 269	12 203
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the parent</b>	6 629	5 652
Share capital	–	1
Share premium	–	431
Stated capital	678	–
Treasury shares	(1 324)	(1 357)
Non-distributable reserve	583	429
Distributable reserves	6 692	6 148
<b>Non-controlling interests</b>	323	285
<b>TOTAL EQUITY</b>	6 952	5 937
<b>Non-current liabilities</b>	1 918	1 890
Interest-bearing borrowings	623	705
Operating lease accrual	614	487
Post-retirement medical benefit liability	349	338
Deferred tax	332	360
<b>Current liabilities</b>	13 399	4 376
Trade and other payables	4 625	3 837
Provisions	361	297
Derivative financial instruments	185	8
Tax	189	107
Interest-bearing borrowings	8 039	127
<b>TOTAL LIABILITIES</b>	15 317	6 266
<b>TOTAL EQUITY AND LIABILITIES</b>	22 269	12 203

\* Certain comparative amounts shown do not correspond to the 2013 Annual Financial Statements and reflect adjustments made. Refer to note 38 in the 2014 Annual Financial Statements Report.

GROUP STATEMENT OF CHANGES IN EQUITY	Attributable to			owners of the parent							Total Rm
	Stated capital Rm	Share capital Rm	Share premium Rm	Treasury shares Rm	Non-distributable reserve	Distributable reserves			Shareholders' interest before non-controlling interest Rm	Non-controlling interest Rm	
						Foreign currency translation reserve Rm	Share-based payments reserve Rm	Financial instrument revaluation reserve Rm			
<b>Shareholders' interest at 24 June 2012 as previously reported</b>	-	1	94	(1 344)	351	735	(4)	4 632	4 465	107	4 572
Post-retirement medical benefit liability restatement	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Consolidation of trust	-	-	-	-	-	-	-	20	20	-	20
Shareholders' interest at 24 June 2012 as restated	-	1	94	(1 344)	351	735	(4)	4 643	4 476	107	4 583
Profit for the year	-	-	-	-	-	-	-	2 597	2 597	41	2 638
Other comprehensive income	-	-	-	-	78	-	73	22	173	29	202
Total comprehensive income for the year	-	-	-	-	78	-	73	2 619	2 770	70	2 840
Shares issued	-	-	337	(337)	-	-	-	-	-	-	-
Shares repurchased	-	-	-	(192)	-	-	-	-	(192)	-	(192)
Share repurchase costs	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Dividends to shareholders	-	-	-	-	-	-	-	(1 640)	(1 640)	-	(1 640)
Share-based payments	-	-	-	-	-	239	-	-	239	-	239
Settlement of share-based payments	-	-	-	516	-	(69)	-	(447)	-	-	-
Non-controlling interest arising on business acquisitions	-	-	-	-	-	-	-	-	-	108	108
<b>Shareholders' interest at 30 June 2013</b>	-	1	431	(1 357)	429	905	69	5 174	5 652	285	5 937
Profit for the year	-	-	-	-	-	-	-	2 888	2 888	102	2 990
Other comprehensive income	-	-	-	-	154	-	(168)	(6)	(20)	9	(11)
Total comprehensive income for the year	-	-	-	-	154	-	(168)	2 882	2 868	111	2 979
Shares issued	-	-	246	(246)	-	-	-	-	-	-	-
Conversion to stated capital	678	(1)	(677)	-	-	-	-	-	-	-	-
Shares repurchased	-	-	-	(60)	-	-	-	-	(60)	-	(60)
Share repurchase costs	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Dividends to shareholders	-	-	-	-	-	-	-	(1 999)	(1 999)	(73)	(2 072)
Share-based payments	-	-	-	-	-	169	-	-	169	-	169
Settlement of share-based payments	-	-	-	339	-	(189)	-	(150)	-	-	-
<b>Shareholders' interest at 29 June 2014</b>	678	-	-	(1 324)	583	885	(99)	5 906	6 629	323	6 952

	2014	2013
<b>Dividend per share declared for the financial year (cents)</b>		
<b>Ordinary shares</b>	251.5	234.0
Interim	101.0	86.0
Final	150.5	148.0
<b>Preference shares</b>	251.5	207.0
Interim	101.0	59.0
Final	150.5	148.0

## OUR FINANCE DIRECTOR'S REPORT

The Group produced strong results despite the weak consumer confidence and prolonged strikes in South Africa. Sales for the 52 weeks to 29 June 2014 increased 14.4% over the comparable 52-week period in 2013 (12.7% on a 52:53-week basis).

The South African Clothing and General Merchandise business performed well, with clothing sales growing ahead of the market, in an increasingly competitive landscape characterised by very high promotional activity by local apparel retailers and further impacted by the influx of foreign retailers.

The Woolworths Food business traded strongly throughout the period, well ahead of the market.

The Group's Australian subsidiary, the Country Road Group, performed extremely well across all brands, with Witchery now included for the full year, compared to nine months in the prior year.

Earnings per share ("EPS") and headline earnings per share ("HEPS") for the 52-week period to 29 June 2014 were 8.7% and 7.3% higher than the corresponding 53-week prior year reporting period. The net impact of excluding the net unrealised foreign exchange losses of R139 million (June 2013: R67 million net gain), transaction costs of R182 million relating to the acquisition of David Jones (June 2013: R77 million relating to the acquisition of Witchery) and the prior year once-off restructuring costs of R43 million (all stated before tax), resulted in an increase in adjusted headline earnings per share ("aHEPS") of 15.2%, and 17.1% on a 52:52 week basis.

Return on equity (adjusted for the unrealised foreign exchange loss) was 46.7% at the end of the year.

The total dividend for the year increased by 7.5% to 251.5 cents per share in line with HEPS growth.

As in prior years, the dividend is based on the Group's stated dividend cover of 1.45 times HEPS.

### 53 WEEK COMPARISON

EARNINGS PER SHARE	52 weeks to 29 June 2014 cents	53 weeks to 30 June 2013 cents	% change
EPS	367.3	337.9	8.7
HEPS	365.2	340.4	7.3
Adjusted HEPS	398.0	345.5	15.2
Diluted EPS	362.7	331.3	9.5
Diluted HEPS	360.6	333.8	8.0
Adjusted diluted HEPS	393.0	338.7	16.0

## THE GROUP PRODUCED STRONG RESULTS: SALES INCREASED 14.4%

### 52 WEEK COMPARISON

EARNINGS PER SHARE	52 weeks to 29 June 2014 cents	52 weeks to 23 June 2013 cents	% change
<b>52:52 weeks</b>			
EPS	367.3	332.4	10.5
HEPS	365.2	334.9	9.0
Adjusted HEPS	398.0	340.0	17.1
Diluted EPS	362.7	325.9	11.3
Diluted HEPS	360.6	328.4	9.8
Adjusted diluted HEPS	393.0	333.4	17.9

In line with the industry, the Group manages its retail operations on a 52-week retail calendar basis and, as a result, a 53rd week is required approximately every six years for realignment. Consequently, the 2013 financial year ended with a 53rd week and the Group's earnings were approximately 2% higher last year as a result of this additional week.

To facilitate comparison against a 52-week prior year, the remainder of this report is based on pro-forma 52-week financial information for 2013.

On this basis, and as shown in the table, EPS and HEPS were 10.5% and 9.0% higher than the corresponding pro-forma 52-week prior year and diluted EPS and diluted HEPS increased 11.3% and 9.8% respectively. Dilution arises from share options granted in terms of employee share option schemes.

### SEGMENTAL PERFORMANCE

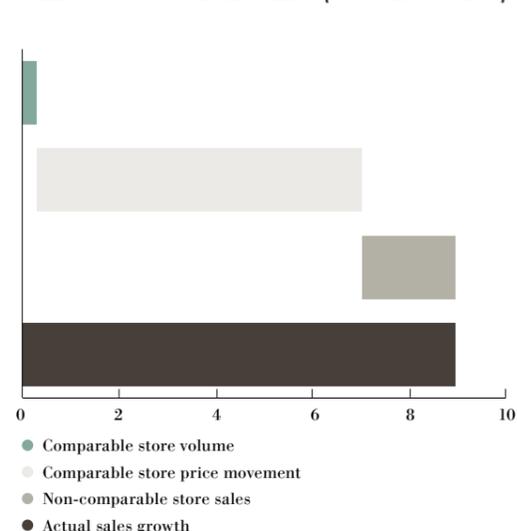
	2014 Rm	2013 Rm	% change
Profit before tax contribution			
<b>52:52 weeks</b>			
Woolworths Clothing and General Merchandise	2 029	1 816	11.7
Woolworths Food	1 259	1 043	20.7
Country Road Group	891	588	51.5
Woolworths Financial Services	181	180	0.6
Woolworths Treasury	15	16	(6.3)
Adjusted profit before tax	4 375	3 643	20.1
Adjustments	(271)	(53)	
Abnormal foreign exchange related (loss)/gain	(139)	67	
Transaction and integration costs	(182)	(77)	
Profit on sale of investment properties	50	-	
Restructuring costs	-	(43)	
Profit before tax	4 104	3 590	14.3

WOOLWORTHS CLOTHING AND GENERAL MERCHANDISE

INCOME STATEMENT

52:52 weeks	2014 Rm	2013 Rm	% change
Turnover	11 505	10 552	9.0
Cost of sales	6 132	5 659	8.4
Gross profit	5 373	4 893	9.8
Other revenue	18	14	28.6
Expenses	3 364	3 096	8.7
Store costs	2 128	1 890	12.6
Other operating costs	1 236	1 206	2.5
Adjusted operating profit	2 027	1 811	11.9
Earnings from joint venture and associate	2	5	
Adjusted profit before tax	2 029	1 816	11.7

SALES GROWTH 52:52 WEEKS (% ON LAST YEAR)



Woolworths Clothing and General Merchandise sales grew by 9.0% on a 52-week basis.

Clothing sales increased by 10.6% with price movement of 8.8%. Sales in comparable stores grew 8.6%, with market share increasing from 15.6% to 15.7%.

General merchandise sales grew 7.1% and by 4.2% in comparable stores. Price movement was 2.6%.

Gross profit margins improved from 46.4% to 46.7%, as we continued to generate benefits from improved sourcing and inventory management.

Total expenses (excluding net unrealised foreign exchange movements) increased 8.7%, impacted only by new stores and non-comparable costs, with comparable store cost growth of 7.6%.

Other operating costs were up 2.5% due to good cost control in the second half of the year.

Adjusted profit before tax grew by 11.7% and operating profit margin increased to 17.6% from 17.2% last year.

Net new store footage of 16 001 m<sup>2</sup> (4.0%) was added during the year.

Our operating profit margin medium-term target is 19%. We aim to establish this as a sustainable level of profitability, investing further in competitive pricing and uncompromising quality to ensure great value for our customers in an increasingly competitive market place.

We plan to add 19% new space to Clothing and General Merchandise over the next three years.

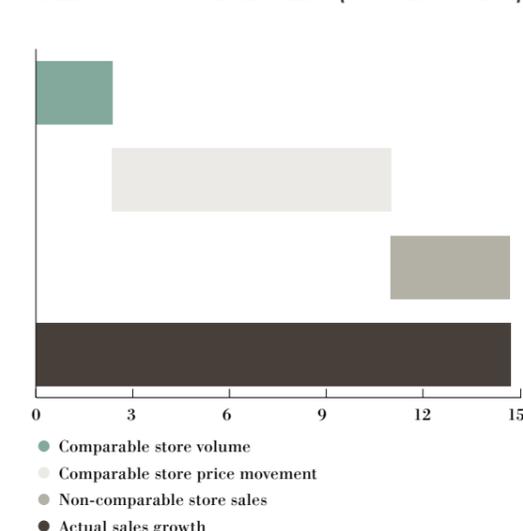
**17.6%**  
OPERATING PROFIT MARGIN

WOOLWORTHS FOOD

INCOME STATEMENT

52:52 weeks	2014 Rm	2013 Rm	% change
Turnover	19 694	17 149	14.8
Cost of sales	14 711	12 758	15.3
Gross profit	4 983	4 391	13.5
Other revenue	73	74	(1.4)
Expenses	3 799	3 426	10.9
Store costs	2 555	2 269	12.6
Other operating costs	1 244	1 157	7.5
Adjusted operating profit	1 257	1 039	21.0
Earnings from joint venture and associate	2	4	
Adjusted profit before tax	1 259	1 043	20.7

SALES GROWTH 52:52 WEEKS (% ON LAST YEAR)



Food sales grew by 14.8% on a 52-week basis, well ahead of market growth of 8.0%. Price movement was 7.9%.

Sales in comparable stores grew by 10.7%.

Our strategic focus of 'becoming a big food business' has continued to show success, with the roll-out of supermarket-format stores, aimed at capturing a greater share of our loyal customers' food shop. Furthermore, investment in price competitiveness and range ensured that our core produce, protein and groceries departments also performed well.

Gross profit margin was 25.3%, a decline of 0.3% from 2013, as we invested in price with higher promotional activity, and an on-going focus on value chain optimisation.

Expenses increased 10.9% with core expense growth impacted only by new stores and non-comparable costs. Comparable store costs increased by 6.1%.

Other operating costs were up 7.5% despite the growth in the business and investments required to support this growth.

Adjusted profit before tax grew by 20.7% and operating profit margin increased to 6.4% from 6.1% last year.

Net new store footage of 14 282 m<sup>2</sup> (8.1%) was added during the year.

Our operating profit margin medium-term target is 7%.

We plan to add 25% new space to Food over the next three years.

**14.8%**  
SALES INCREASED

## COUNTRY ROAD GROUP

## INCOME STATEMENT

52:52 weeks	2014 A\$m	2013 A\$m	% change
Turnover	849	706	20.3
Cost of sales	323	269	20.1
Gross profit	526	437	20.4
Other revenue	4	3	33.3
Expenses	432	373	15.8
Store costs	308	264	16.7
Other operating costs	124	109	13.8
Adjusted operating profit	98	67	46.3
Investment income	2	2	-
Finance costs	6	5	20.0
Adjusted profit before tax	94	64	46.9

Country Road Group sales increased 20.3% in Australian dollar terms with comparable store sales up 8.0%. In Australasia, sales grew 20.3% and 7.2% in comparable stores. South African (rand-denominated) sales were up 26.3% with comparable store sales up 23.7%. The Country Road and Trenergy brands continue to perform well and the South Africa launch of the Witchery and Mimco brands in the second half of the year was well received.

Ongoing focus on cost and inventory management ensured that operating profit margin was leveraged to 11.5% (up from 9.5%), with adjusted profit before tax increasing to A\$94 million, a 46.9% increase on last year.

The business continues to be run in a highly efficient manner, with operating profit margin targeted at 12% in the medium term, and despite the inclusion of goodwill, trademarks and brands of A\$159 million, Country Road enjoys a ROE of 30.4%.

19% new space is planned over the next three years including expanding the Witchery and Mimco brands in South Africa.

**ADJUSTED PROFIT BEFORE TAX OF A\$94 MILLION,  
A 46.9% INCREASE ON LAST YEAR.**

## WOOLWORTHS FINANCIAL SERVICES

## INCOME STATEMENT

	2014 Rm	% to book	2013 Rm	% to book	% change
Interest income	1 473	17.7	1 250	17.0	17.8
Interest paid	416	5.0	352	4.8	18.2
Net interest income	1 057	12.7	898	12.2	17.7
Impairment charge	396	4.8	221	3.0	79.2
Risk-adjusted margin	661	7.9	677	9.2	(2.4)
Non-interest revenue	628	7.5	555	7.6	13.2
Operating costs	786	9.4	733	10.0	7.2
Profit before tax	503	6.0	499	6.8	0.8
Average financial services assets	8 339		7 332		13.7%
Return on equity	24.3%		27.6%		
Joint venture profit before tax	503		499		
Taxation	141		139		
Profit after tax	362		360		
Less 50%	181		180		
Equity accounted	181		180		

The joint venture with Barclays Africa Group showed consistent growth throughout the year. The average book was 13.7% higher, with the closing book ending 10.8% ahead of the previous year.

The business operates three product classes: an In-Store Card for purchases in Woolworths stores, Woolworths Credit Cards and Personal Loans. In addition to the yield on these assets, the business generates insurance and other non-interest revenue.

**24.3%**  
RETURN ON EQUITY

Interest income increased by 17.8% to R1 473 million, with the gross yield on the average assets increasing from 17.0% to 17.7%, due to the mid-year increase in interest rates governed by the National Credit Act. Borrowing costs also increased 18.2% and, with funding levels well managed, the net interest income margin increased by 0.5% to 12.7%, yielding R1 057 million, an increase of 17.7% on last year.

The impairment charge (comprising bad debts written off during the year, collection costs as well as the movement in the provision for doubtful debts) increased from 3.0% to 4.8%.

The yield on the book after the impairment charge is taken into account is the "risk-adjusted margin". The margin decreased from 9.2% to 7.8% due to the higher impairment charge, with the growth on last year declining 2.4% to R661 million.

Non-interest revenue grew by 13.2% as a result of increased revenues from the growing credit card portfolio and insurance products.

Expenses grew 7.2% as a result of further investment in collection effectiveness, infrastructure and book growth initiatives.

Profit before tax grew 0.8%, with the profit to book ratio declining from 6.8% to 6.0%, again due to the higher impairment charge.

The book has a gearing ratio of 84% funded by Barclays Africa Group at a three month JIBAR-linked rate. This gearing leveraged the operating ratio to generate a return on equity of 24.3%, ahead of the joint venture's medium-term target of 22%.

**TREASURY OPERATIONS AND CASH POSITION**

The business generated cash from operating and joint venture activities of R5 636 million.

Tax paid amounted to R1 047 million.

The net cash outflow on capital expenditure (net of R145 million proceeds from disposals), amounted to R1 314 million, and is explained in more detail below.

The Group's dividend policy of an annualised coverage ratio of 1.45 times headline earnings per share is designed such that the Group operates on a broadly "cash-neutral" basis.

**CAPITAL EXPENDITURE**

The Group invested R1 506 million in property, plant and equipment, of which R550 million was spent on Woolworths store development, R379 million on the Country Road Group's store development and integration projects, R204 million on Woolworths IT projects, R284 million on Woolworths Supply Chain equipment and property, and R89 million on other Woolworths infrastructure projects.

33 previously franchised stores in Botswana, Namibia, Swaziland and Ghana, and nine stores in South Africa, were acquired for a total cash consideration of R425 million.

**FINANCIAL RISK MANAGEMENT**

Financial risks related to funding (liquidity and counterparty risks), interest rate risk and foreign exchange risk are managed by treasury committees both in South Africa and Australia. The committees meet on a regular basis. Short- and long-term funding requirements are assessed in order to optimise funding structures.

Liquidity risk associated with borrowings is managed by staggering the timing of maturities of borrowings and maintaining appropriate short-term committed and uncommitted banking facilities.

Unutilised banking facilities, including facilities relating to the David Jones acquisition after the end of the financial year, totalled R3 181 million at June 2014 (2013: R3 025 million).

Interest-bearing borrowings carry interest rate risk. As part of the process of managing the Group's fixed and floating rate borrowings mix, the interest rate characteristics of new

borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

It is the Group's policy to cover all foreign currency exposures arising from the acquisition of goods and services with forward exchange contracts.

Both Woolworths and the Country Road Group manage their foreign exchange exposures using aggregate pools to provide effective economic hedges for foreign currency exposures. We have initiated hedge accounting in terms of IAS 39 to the South African operations in this financial year and expect to substantially hedge account our foreign currency exposures by the end of the 2015 financial year.

**ACCOUNTING STANDARDS**

The Group and company Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Various IFRS and IFRIC interpretations and amendments were adopted during the current year, resulting in certain comparative information being restated in respect of IFRS 10: Consolidated Financial Statements and IAS 19: Employee Benefits. Details of the restatements can be found in note 38 to the Group Annual Financial Statements. Other standards and amendments had no impact on the Group's reported results. Details can be found in note 1 on page 36 of the Annual Financial Statements. All additional disclosures required by these standards have been provided for both the current and comparative period.

**PROSPECTS AND FINANCIAL TARGETS**

We expect the upper income consumer to remain more resilient despite subdued economic conditions in South Africa.

We will continue to invest in competitive price points and are committed to maintaining gross margins from continued improvements in sourcing. Inflationary pressures emanating from a weaker rand will remain a key risk.

Trading for the first eight weeks of the new financial year has been in line with expectations both in South Africa and Australia.

Attention will also continue to be given to improving underperforming stores by a critical analysis of costs and operational activities (especially those that impact availability and food waste). In head office, detailed cost-to-sell ratios continue to be set for all departments.

The Group's effective tax rate in 2015 is expected to be 1.5% higher due to the non-deductibility of transaction costs relating to the David Jones and Country Road share acquisitions.

**EVENTS SUBSEQUENT TO THE REPORTING DATE**

**ACQUISITION OF DAVID JONES LIMITED**

On 1 August 2014, the company completed the acquisition of the entire issued share capital of David Jones Limited ("David Jones") for a purchase consideration of R21.4 billion (A\$2.1 billion).

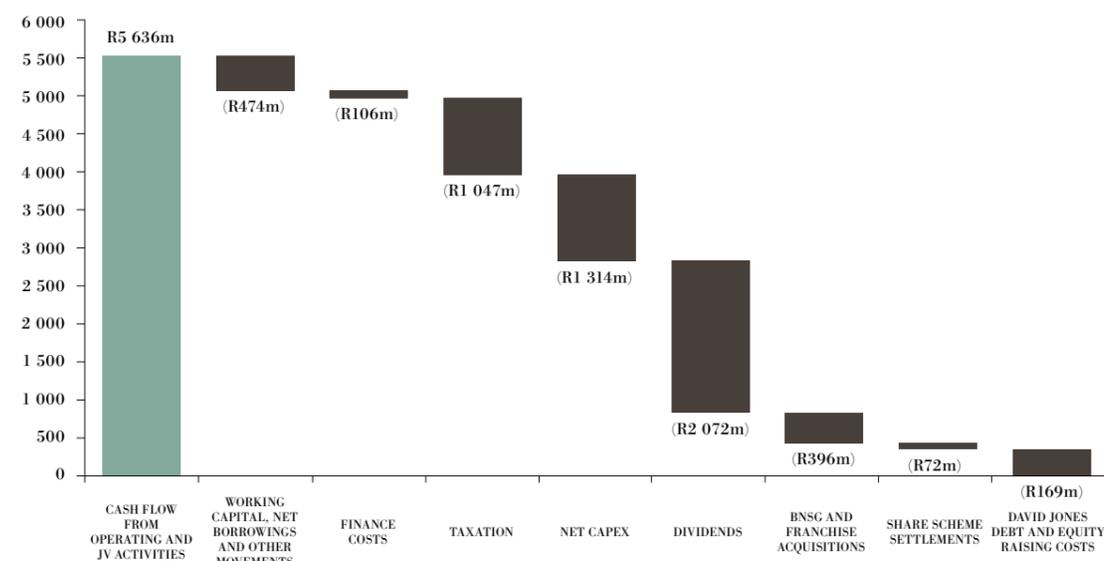
The acquisition transforms the Group into a leading southern hemisphere retailer with pro-forma combined FY14A revenue of over R58 billion from over 1 150 stores across 15 countries, with approximately 45% of sales generated in Australasia. The Group's increased scale is expected to drive significant efficiencies and economies through enhanced global sourcing and the ability to leverage shared seasonality and trends, improving value for the customer and increasing overall profitability. We have identified key initiatives which will deliver synergies of at least R1.3 billion (A\$130 million) per annum in earnings before interest and tax per annum within five years.

The acquisition has been funded via a combination of existing cash, new debt facilities and equity funding to be raised by an underwritten renounceable rights offer expected to be launched in September. For the purposes of funding the transaction at completion, an equity bridge facility has been secured, which will be repaid with the proceeds of the proposed rights offer.

**ACQUISITION OF COUNTRY ROAD LIMITED NON-CONTROLLING INTERESTS**

After the year end the Group also acquired the remaining 12.12% shares in Country Road for a cash consideration of A\$213 million (R2.1 billion). As a wholly owned subsidiary within the Group, Country Road will be delisted from the ASX. Given its role in realising a substantial part of the synergy benefits arising from the acquisition of David Jones, achieving full ownership of Country Road was a logical next step and in line with the Group's longstanding desire to acquire 100% ownership. The acquisition was funded through new debt facilities raised from Australian banks.

**CASH GENERATION (R MILLION)**



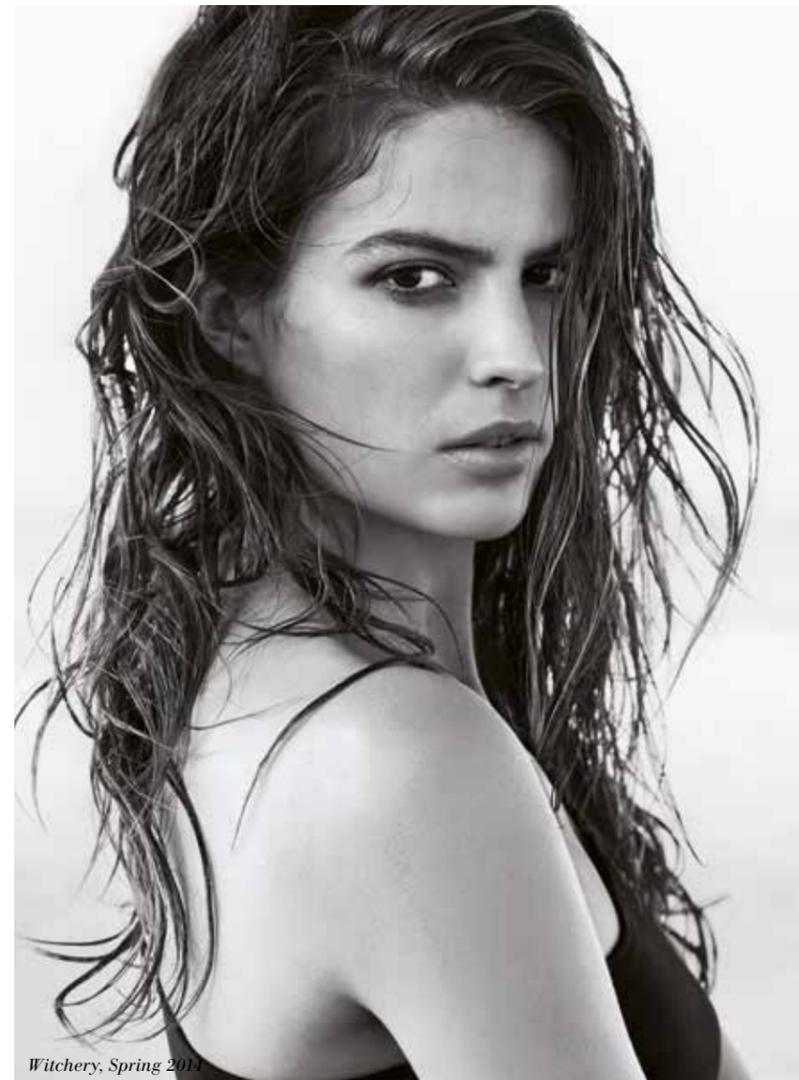
# OUR STRATEGY

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- 63 / Build stronger, more profitable customer relationships
- 66 / Be a leading fashion retailer in the southern hemisphere
  - 74 / Become a big food business
  - 78 / Become an omni-channel business
  - 80 / Expand into Africa
- 82 / Simple, convenient and rewarding financial services
  - 86 / Drive synergies and efficiencies
- 90 / Embed the Good Business Journey throughout our business



OUR VISION IS TO BE A WORLD LEADER IN RETAIL BRANDS THAT APPEAL TO PEOPLE WHO CARE ABOUT QUALITY, INNOVATION, VALUE AND SUSTAINABILITY.



Witchery, Spring 2014

To achieve our vision, the WHL Group follows a formal annual strategy development and review process. The strategy is formally reviewed by Exco in October and the WHL Board in November each year. The outcome of these discussions feeds into the more detailed business unit strategies and financial plans, which are completed and presented along with an updated view of the Group strategy in May. In the process, a strategy map is developed to articulate the key strategic focus areas per business unit, including Group-wide initiatives needed to deliver the vision.

The strategy review process is aligned to the risk management process which ensures that all risks related to the strategy implementation are evaluated and managed in line with the strategic objectives and the Group's tolerance levels (see high level risks highlighted for each strategic objective).

Progress on the implementation of the strategy is measured on a monthly basis within the business units and reported to the Board quarterly according to the strategy map and scorecard. Each key performance indicator is denoted as green, orange or red according to its progress toward achievement of targets.

During the past year, we slightly reformulated and added a further strategic objective – all eight designed to focus our activities and drive our decision-making. The strategic imperatives are supported by two key enablers: infrastructure and people.

For commentary on our performance against the strategic objectives within an industry and geographical context, read the Chairman's and Chief Executive Officer's reports on pages 36 to 45.

# 1 BUILD STRONGER, MORE PROFITABLE CUSTOMER RELATIONSHIPS



## ACROSS THE WHL GROUP

### STRATEGIC IMPERATIVE

WE HAVE MADE GREAT PROGRESS IN BECOMING A MORE CUSTOMER-CENTRIC BUSINESS, DEVELOPING A RICHER UNDERSTANDING OF OUR CUSTOMERS AND BUILDING STRONGER CUSTOMER RELATIONSHIPS. TO BUILD ON THIS WE HAVE TO BECOME AN OMNI-CHANNEL BUSINESS, IMPROVE OUR LOYALTY PROPOSITION AND LEVERAGE OUR DATA.

Our customers are faced with increasing choice, have less time and are more demanding. They typically seek out value, expect personalisation, will gravitate to trusted and authentic brands and demand quality experiences across all touch points and channels.

In South Africa, we continue targeting LSM 8-10 customers, who currently represent 27% of the population and 70% of customer spend. The rise of the black middle class is driving growth in this segment and has led to a dramatic change in its profile; it is already 44% black, up from 11% in 2000. We aim to grow our penetration of LSM 8-10, which will grow our market share, with particular focus on attracting more black customers.

In Australasia, the Country Road Group targets the mid- to upper-tier of the speciality fashion market. This potential base of customers is growing as Australia experiences strong growth in the population.

Our loyalty programmes are critical to attract new customers, retain our existing customers and increase their spend. The information obtained is used to, among other things, build customer segmentation, profiling and propensity models, increase cross-sell and up-sell opportunities, tailor product offerings to specific catalogues of stores, inform potential site locations and enable targeted personal communications with customers. During the year the loyalty programmes have grown and in Woolworths we are now able to track 71% of sales, with 3 million active cardholders. In the Country Road Group we have 1.4 million active cardholders and are able to track 84% of sales through the loyalty programme.

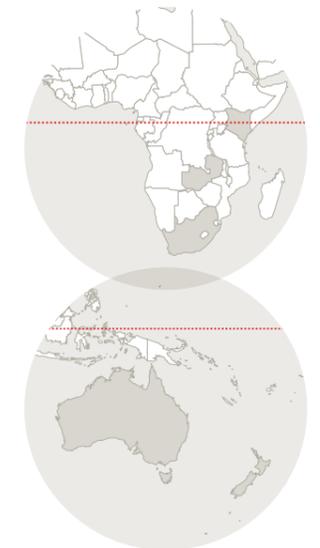
In South Africa, a key focus will be further integrating WFS loyalty into WRewards to deliver a simple, irresistible customer proposition. In the rest of Africa, we are extending our successful loyalty programme and enhancing our rewards offer. This includes harnessing the trend

3 MILLION ACTIVE WOOLWORTHS CARDHOLDERS TRACKING

71% OF SALES

1.4 million

COUNTRY ROAD GROUP CARDHOLDERS TRACKING 84% OF SALES



LOYALTY IN SOUTH AFRICA, AUSTRALIA AND SELECTED COUNTRIES IN AFRICA



**INSIGHT: LOYALTY PROGRAMMES**

*WRewards was launched in 2010 with all Woolworths cardholders as members. WRewards members earn rewards based on a tiered system determined by annual spend in all Woolworths stores, via Woolworths' online store and in Engen Foodstops. Membership status is determined by annual spend:*

- Valued (up to R7 800)
- Loyal (R7 800 – R24 000)
- VIP (more than R24 000)

*Benefits range from preview sales to WRewards "spend & save" vouchers to discount vouchers on new food products and birthday vouchers,*

*depending on the tier. At the end of the reporting period, the WRewards programme had 3 million active members.*

*Country Road has a similar tiered loyalty programme, available at Country Road and Treneroy stores. Membership status is similar to WRewards with annual spend targets:*

- Cardholders (up to A\$750)
- Loyalty (over A\$750)
- VIP (over A\$2 500)

*Benefits include free tailoring, free gift wrapping, "spend & save" offers, gift vouchers, personal shopping*

*appointments and birthday rewards. At the end of the reporting period, the Country Road loyalty programme had 1.4 million active members.*

*The Vitality HealthyFood programme was launched through a partnership with Discovery in January 2013 to a limited pool of members. Following the success of the programme, it was opened to more than 700 000 Vitality members from January 2014, with more than 185 000 customers linking their Woolworths card to Vitality. Furthermore, 37% of Vitality members are also linked to MySchool and represent 60% of Woolworths' healthy food sales.*



towards mobile and digital channels to understand and engage with our customers in a more personal way.

In Australia, we will leverage a Group-wide loyalty scheme through a combination of customer databases across all four of the Country Road Group brands. This will drive revenue synergy through cross-shopping opportunities.

RISKS	HOW WE ADDRESS THEM
Failure to enhance customer relationships through our loyalty schemes	<ul style="list-style-type: none"> <li>- Continue updating and upgrading communication with our customers, ensuring a high level of personalisation</li> <li>- Use of customer segmentation models to inform both product development and associated marketing</li> <li>- Leverage Group capability in building data capture and analysis processes to support loyalty initiatives</li> <li>- Project management role has been created to oversee the Group loyalty programme</li> <li>- Research and develop Group loyalty scheme concept for the Country Road Group</li> <li>- Maintain individual brand customer loyalty schemes to ensure unique brand experience</li> </ul>

**INSTANT REWARDS**

- WREWARDS**
- GREEN REWARDS**
- VITALITY HEALTHYFOOD**

**IMPERATIVES**

- Improve loyalty proposition
- Leverage our data
- Increased penetration of target market



**OPPORTUNITY**

*The introduction of a David Jones loyalty programme, leveraging off the Group's experience with its WRewards programme and Country Road Group loyalty programmes, is expected to provide valuable customer data to inform decisions around products and stores.*

**ACHIEVEMENTS**

Woolworths won the 2014 National RepTrak® Pulse survey, which measures the reputation of the largest listed South African companies.



Additional content on [www.woolworths.co.za](http://www.woolworths.co.za)

## 2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE



### WOOLWORTHS CLOTHING & GENERAL MERCHANDISE

259

STORE LOCATIONS (2013:259)

+16 001m<sup>2</sup>

INCREASED STORE SPACE



STORE FOOTPRINT

**WOOLWORTHS**

**RE:**

**studio·w**

**JTONE**

#### STRATEGIC IMPERATIVE

OUR CLOTHING AND GENERAL MERCHANDISE (C&GM) STRATEGY IS TO BE THE QUALITY FASHION AUTHORITY, DELIVERING GREAT QUALITY AND INNOVATION AT AFFORDABLE PRICES.

Our strength is in differentiating our product offering with superior quality, fit and the Woolworths difference ("Value with Values"), which we embed through the Good Business Journey. Our ability to lead the market in fabric and product innovation remains a key competitive advantage for the Group.

Our Woolworths C&GM business offers a broad range of products appealing to the classic, modern and contemporary customer, balanced with price and value. Woolworths C&GM offers womenswear, menswear, childrenswear, accessories, footwear and beauty products, along with a range of home accessories and soft furnishings. Our clothing and homeware offering is anchored by the Woolworths brand, as well as exclusive private label brands such as RE, Studio.W and JTOne. Within beauty, Woolworths offers Woolworths-branded products, as well as premium cosmetics, fragrance and skincare products from leading global brands.

During the year we continued to increase our market share in a highly promotional market, ending the year with 15.7% market share on a 12-month moving average.

The classic Woolworths offering caters towards a more mature demographic. However, with the strong growth of a younger black middle class in South Africa, we have focused on building the modern wardrobe to include more contemporary styles, catering for those customers. The classic customer remains an important market for us and we continue to update the range and product appeal to further entrench Woolworths as a destination in the minds of customers.

The exclusive Woolworths brands: RE, Studio.W and JTOne continue to grow and become key components of our product offering. These brands were re-launched during the year with good response from customers. RE provides contemporary men's, women's and children's denim designs, while Studio.W focuses on modern menswear, womenswear and homeware. JTOne provides young women's contemporary lingerie and sleepwear. We use these brands as a platform to extend our fashion credentials with opportunity to expand their footprint into Australia. Stand-alone stores for these brands were trialled during the year and these will be pursued with further roll-outs.

Stores will remain the dominant channel for C&GM in the coming years; however, our customers are increasingly researching our products online before buying in-store, as well as shopping online. As such, we remain committed to improving our service for online customers and growing and improving our digital presence.

By leveraging our scale and integrating sourcing across the Group, we will enhance our profit margins. We will also continue with our efforts to improve speed to market and source more products directly in support of delivering more fashionable products. We are investing in consolidating our supply chain operations in South Africa to grow capacity in our supply chain and improve efficiency.

WE CONTINUED TO INCREASE OUR MARKET SHARE IN A HIGHLY PROMOTIONAL MARKET, ENDING THE YEAR WITH 15.7% MARKET SHARE ON A 12-MONTH MOVING AVERAGE.

RISKS	HOW WE ADDRESS THEM
Unable to meet the fashion and fit requirements of our target market	<ul style="list-style-type: none"> <li>- Increase focus on fashion trend forecast capability</li> <li>- Use local fit and sizing data to better cater for our customers</li> <li>- Continue to increase our speed to market, improving our ability to deliver the right product to the right stores at the right time</li> </ul>
Unable to deliver high quality, innovative product at good value	<ul style="list-style-type: none"> <li>- Group sourcing strategy</li> <li>- Ongoing investment in fabric and product innovation, including ensuring our Good Business Journey principles are embedded in our products</li> <li>- More competitive pricing for all product tiers (good, better and best)</li> </ul>
Inability to grow due to increased competition from northern hemisphere clothing retailers	<ul style="list-style-type: none"> <li>- Leverage southern hemisphere focus and scale</li> <li>- Fast fashion processes</li> <li>- Collective sourcing strategy</li> </ul>

+11.7%

ADJUSTED PROFIT BEFORE TAX

INCREASE IN MARKET SHARE

17.6%

ADJUSTED OPERATING MARGIN (2013:17.2%)

46.7%

GROSS PROFIT MARGIN (2013:46.4%)

#### IMPERATIVES

- Become the quality fashion authority
- Build brands and modern wardrobe
- Own classic category
- Own innovation and the Woolworths difference
- Deliver more competitive pricing

Additional content on [www.woolworths.co.za](http://www.woolworths.co.za)



**INSIGHT: SUSTAINABLE DENIM**

*During 2014 Woolworths introduced a new range of RE:F.I.T. and RE:Cycled jeans as the first step towards becoming a sustainable denim brand. Our RE: jeans supplier in Mauritius has reduced energy and water usage by more than half and has reduced the amount of chemicals used in the "normal" production process. Other benefits include using cotton sourced from Africa, and stretch technology that keeps the shape of the RE:F.I.T. jeans for longer.*

*The men's range of RE:Cycled jeans are furthermore made using a blend of African*

*cotton and recycled polyester made from recycled plastic bottles. Each pair of jeans is made from the equivalent of twelve 500 ml bottles, helping reduce the amount of waste going to landfills, and reducing the amount of resources used.*

*Our sustainable denim journey ties in with the research WWF-SA and The Greenhouse conducted for Woolworths on the lifecycle of a t-shirt that showed that polyester, especially when made from recycled material, can be an attractive textile choice.*

**ACHIEVEMENTS**

We completed the first "find your perfect fit" survey – the first of its kind in South Africa. Using advanced 3D body scanning technology, we scanned over 7 000 people from KwaZulu-Natal to Cape Town. The data will be used to better align our womenswear and menswear designs, fit and sizes with our diverse population.

We have launched several new innovative products during the past year, offering clothing that looks newer for longer, fits better and offers improved comfort, durability and style. These include lightweight heat generation and heat retention wear, shapewear with hidden panels, stretch fabric shirts, machine washable wool, anti-slip soles on kidswear socks and babygrows, as well as fabrics that block out the sun's harmful rays.

During the past year, we have invested in new systems and established a Merchant Academy to train Woolworths buyers, planners, technologists and designers.

By implementing "fast fashion" processes we can now get to the market in just five to seven weeks with more than 30% of our goods. This allows the business to bring products to the market faster and trade in season.

**9%**

SALES GROWTH

2016 TARGET: **19%**

OPERATING MARGIN



**OPPORTUNITY**

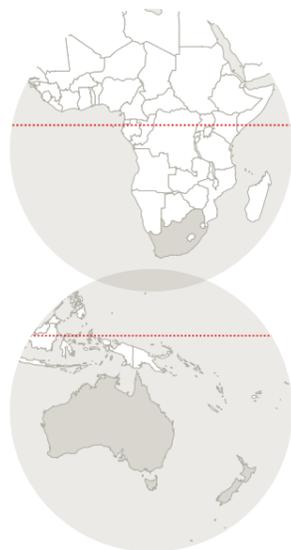
*The acquisition will provide the Group with an opportunity to introduce our brands into David Jones stores.*



## COUNTRY ROAD GROUP

529

STORE LOCATIONS (2013:508)



STORE FOOTPRINT

**COUNTRY ROAD**  
**TRENERY**  
**MIMCO**  
**WITCHERY**

### STRATEGIC IMPERATIVE

OUR VISION IS TO GROW OUR PORTFOLIO OF COMPLEMENTARY BRANDS AND BECOME AN OMNI-CHANNEL MARKET LEADER.

The Country Road, Trener, Witchery and Mimco brands are positioned in the mid- to upper-tier of the Australian speciality fashion market. The brands are also sold in New Zealand and South Africa. Country Road is well-known for its stylish, high-quality apparel, accessories, footwear and homeware, whilst Trener provides simple and sophisticated womenswear and menswear that is modern in approach and classic in style. Witchery and Mimco target those who desire more unique and fashion-forward designs. Witchery is positioned as a leading "style authority" and aims to provide the latest womenswear, menswear, accessories, footwear and childrenswear. Mimco is positioned as an accessible luxury accessories and footwear brand with unique designs.

During the year, much work has been done in order to create a clear distinction between the four brands and define their brand positioning in the marketplace. This clarity has enabled us to adjust the design for each of the brands and to develop the individual brand growth strategies within the context of the Country Road Group as a whole. The brands now each target distinct segments within the market.

The consolidation of all the brands under one entity has resulted in a significant customer database. We will leverage

this consolidated customer base to develop a group approach to customer engagement. A high proportion of the active loyalty cardholder only belongs to one of the brands. This creates an opportunity to incentivise these cardholders to cross-shop and in turn become more loyal to the Group.

Excellent progress has been made in integrating Witchery and Mimco into the business and we are now operating on single merchandising and planning systems. Opportunities for better buying and pricing have been implemented with more opportunities to drive greater efficiency, with sourcing and procurement synergies.

Our Australian network of 459 store locations remains the biggest contributor to sales and profit and the online channel is performing well, at 8% of sales contribution. We have concession stores in David Jones and Myer department stores. We will increase the number of the Country Road Group concession stores in David Jones by introducing the Trener brand and expanding the product categories of existing brands.

We are in the process of designing and delivering a world-class integrated supply chain (including a new warehouse facility) that will provide improved service to all of our channels and support our online sales growth.

RISKS	HOW WE ADDRESS THEM
Unable to differentiate and execute brand strategies effectively	<ul style="list-style-type: none"> <li>Clearly define and articulate market positioning framework for each brand</li> <li>Manage and operate each brand independently to keep strategies unique to the brand</li> <li>Use customer data to inform strategies</li> </ul>
Unable to deliver effective logistics solutions to support growth initiatives	<ul style="list-style-type: none"> <li>Development of supply chain strategy</li> <li>Investment in new distribution fulfilment facility</li> <li>Project management of implementation</li> </ul>
Inability to grow given increased competition from northern hemisphere clothing retailers	<ul style="list-style-type: none"> <li>Southern hemisphere focus and scale</li> <li>Ability to leverage common seasonality</li> <li>Collective sourcing strategy</li> </ul>

+46.9%

ADJUSTED PROFIT BEFORE TAX

11.5%

ADJUSTED OPERATING MARGIN (2013:9.5%)

62%

GROSS PROFIT MARGIN (2013:61.9%)

+20.3%

SALES GROWTH

+4 000m<sup>2</sup>

INCREASED STORE SPACE

#### IMPERATIVES

- Four clearly differentiated brands
- Growth of David Jones concession business
- Leverage existing systems and processes
- Leverage loyalty
- Development of distribution centre
- Drive online sales

### ACHIEVEMENTS

Re-launched Witchery into South Africa and introduced Mimco brands into stand-alone stores and in concessions in selected Woolworths stores.



Additional content on [www.countryroad.com.au](http://www.countryroad.com.au)



Country Road, Spring 2014

**INSIGHT: WITCHERY'S WHITE SHIRT CAMPAIGN IS IN ITS 14TH YEAR**

*In its annual effort to raise funds for the Ovarian Cancer Research Foundation (OCRF), Witchery has designed nine white shirts (seven for women; two for men), which were sold in stores and online.*

*In Australia one woman dies every ten hours from ovarian cancer. 100% of the proceeds from every sale will go to the OCRF in the hope of finding an early detection test for ovarian cancer. Ongoing support of three full-time scientists by Witchery has helped the OCRF make significant progress toward the development of an early detection test for ovarian cancer.*

*This year the White Shirt Campaign raised over A\$1.2 million for the OCRF, bringing Witchery's total donation to the continued work of the OCRF to date to over A\$6.2 million since first partnering in 2000.*

*Vogue, the world's most iconic fashion magazine, GQ, Sunday Style and Body + Soul, are the official media partners of the campaign. The collective voice of Vogue, GQ, Sunday Style and Body + Soul reached 6 873 223 people this year, the greatest amount of media exposure the White Shirt Campaign has ever received from a media partner.*

*One of the white shirts in the collection is designed by Jaye Hensley, winner of the Whitehouse Institute of Design's 2013 White Shirt Design Award. The competition, which started in 2012, gives second-year Bachelor of Design students the opportunity to see their design sold in Witchery stores as part of the campaign.*

*The campaign culminated with the OCRF White Shirt Day on May 1, when Australia is encouraged to 'unite in white' and wear a white shirt to show their support. The White Shirt Campaign is complemented by the sale of A\$2 silver ribbons and the Witchery Silver Gift Collection, where 10% from the sale of each Silver Gift is donated directly to the OCRF.*

**8%**

SALES FROM ONLINE

2016 TARGET: **12%**

OPERATING MARGIN



**OPPORTUNITY**

*Group synergies and growth can be realised by the expansion of the Country Road Group brands within existing David Jones concessions and the introduction of these brands in the majority of David Jones stores.*

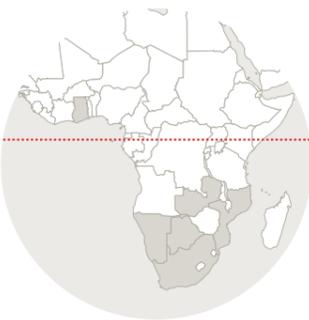
## 3 BECOME A BIG FOOD BUSINESS



### WOOLWORTHS FOOD

# 374

STORE LOCATIONS (2013:365)



STORE FOOTPRINT

CONTINUED GROWTH  
AHEAD OF MARKET

# +14 282m<sup>2</sup>

INCREASED STORE SPACE

#### STRATEGIC IMPERATIVE

OUR AMBITION IS TO CONTINUE GROWING MARKET SHARE, INCREASING PENETRATION WITHIN OUR TARGET MARKET AND BECOMING A MUCH BIGGER BUSINESS.

The Woolworths Food business is distinguished in the South African market by clear competitive advantages in product quality and innovation sold primarily under the Woolworths brand. Our strategy is to become a big food business, maintaining our leadership in fresh produce while expanding our ranges to offer a complete shop at competitive prices.

Woolworths Food targets the upper-income LSM 8-10 customer in South Africa, with the majority of our customers in LSM 9 and 10. Recognising that non-perishable foods (groceries) and non-food products comprise nearly half of a typical basket of goods at a grocery store, our "big food" strategy seeks to capture a greater share of spend from these existing upper-income customers, encouraging them to complete their shop at Woolworths.

Historically, the food business has been known for the fresh produce and prepared food categories, with market shares in excess of 15% and 25% respectively. As part of the strategy to become a big food business, we have focused on offering a more complete shop for customers, which includes expanding our product offering to include more

long-life and non-perishable products. As a result, over the last three years, the number of non-perishable or long-life stock-keeping units (SKU) offered to customers has increased, now offering approximately 11 000 SKUs in stores. More SKUs will be introduced, the majority of which will be non-perishable products. Third-party brands sold in Woolworths stores are selectively chosen to represent our customers' most desired brands.

To enable this strategy we are opening larger format stores (for example the award-winning Waterstone store in Somerset West) while remaining absolutely dedicated to maintaining our high standards and not compromising the Woolworths difference. Delivering convenience across all formats and channels is another feature of our stores, which we will continue to enhance. We continue to grow the number of Engen convenience stores in line with this strategy.

Our online offering also provides convenience for our customers. As for the rest of our business, our stores will remain the primary channel for food sales for the foreseeable future. Online sales are, however, growing rapidly and are of

increasing importance to our customers. We will continue to enhance our service proposition in this area.

Our customers demand high quality, innovation and a rich, varied food offering. The product offering is supported with specialty in-store interactive counters such as a bakery, fish shop, butchery, sushi counter and coffee shop. We are able to continually deliver high-quality, ethically sourced products through our supplier relationships and the technological innovations implemented in the value chain process.

During the year we have continued to make customers aware of the food value proposition and change their perceptions about our prices. We conduct a weekly basket check against the prices of our competitors to ensure that our prices are comparable to other food retailers. Various marketing initiatives have been actioned to convey our price competitiveness to customers. These initiatives include "everyday low prices", particularly for grocery and non-food products, as well as special low-price offers which run for a limited period. The "Daily Difference" broadsheet and community paper inserts have proved

very successful in highlighting special prices and brand offers to customers.

"Become a big food business" requires investment in capacity and efficiency of our supply chain. We will be making substantial investments across the food supply chain in the coming years to accommodate the expanding number of SKUs as well as growth in volume flowing through the business.

# +20.7%

ADJUSTED PROFIT BEFORE TAX

# 25.3%

GROSS PROFIT MARGIN  
(2013:25.6%)

# 6.4%

ADJUSTED OPERATING MARGIN  
(2013:6.1%)

2016 TARGET: **7%**

OPERATING MARGIN

#### IMPERATIVES

- Grow ranges to offer a complete shop
- Improve our price position
- Enhance freshness
- Distinguish Woolworths as a food authority
- Grow our footprint
- Build supply chain capacity and flexibility

Additional content on  
[www.woolworths.co.za](http://www.woolworths.co.za)



**WOOLWORTHS**

**OUR EGGS ARE BEST ENJOYED ON A SLICE OF ETHICS.**

We're proud of the fact that we're the only retailer who can say that our eggs are 100% free-range. They are laid by hens that are fed a vegetarian diet, and are free to roam outdoors during the day with unlimited access to shelter and water. When you shop at Woolworths, you make a choice to support independently audited ethical farming practices and animal welfare that ensure a healthier product and a sustainable future.

THANK YOU FOR YOUR SUPPORT, AND FOR CHOOSING TO BE A PART OF OUR JOURNEY TOWARDS SUSTAINABILITY ♥

**INSIGHT: FREE RANGE EGGS**

*Woolworths is the first African retailer to receive the prestigious "Good Egg Award" from international farm animal welfare organisation, Compassion in World Farming, for its ongoing commitment to leading the free range egg industry in South Africa.*

*Woolworths was the first local retailer to switch to selling exclusively free range eggs in cartons. The group sources 120 million eggs every year, with over 75% of Woolworths'*

*food products containing egg as an ingredient also being made with free range eggs.*

*Animal welfare remains a key area of concern for both Woolworths and our customers and we are committed to constantly improving all aspects of animal health and welfare including livestock management and husbandry, housing, animal feed and farm hygiene.*



RISKS	HOW WE ADDRESS THEM
Failure to expand our range and grow sales without compromising the quality of our product, stores or our Good Business Journey standards	<ul style="list-style-type: none"> <li>- Ranges are being expanded incrementally and include Good Business Journey attributes</li> <li>- Store design and layout is a major contributor to our success, and we will continue our ongoing efforts to ensure our stores remain modern, fresh and innovative in design</li> <li>- Store design incorporates efforts to increase SKU density without impacting the look and feel of our stores</li> </ul>
Failure to build a big food business and sustain growth above the market	<ul style="list-style-type: none"> <li>- We will grow the share of our existing customers' wallet and attract new customers by building on our position of strength in fresh produce and our quality credentials, and simultaneously grow our ranges and improve our value proposition</li> </ul>
Inability to expand distribution capacities and operations to accommodate growing demand	<ul style="list-style-type: none"> <li>- Acquisition of additional space in and around distribution centres in Cape Town, Midrand and KwaZulu-Natal</li> <li>- Refurbishment of existing centres to make more efficient use of current floor space</li> </ul>
Inability to ensure the quality and safety of products	<ul style="list-style-type: none"> <li>- Supplier code of conduct with strict requirements</li> <li>- Supplier audits and testing with rigid process control measures</li> </ul>
Non-availability of suitable locations for new stores	<ul style="list-style-type: none"> <li>- Proactive management of lease contracts</li> <li>- Early take-up of future expansion in existing stores</li> <li>- Store conversions</li> </ul>

**ACHIEVEMENTS**

The Woolworths Waterstone food store won the Grand Prize for Design in the Supermarket/Grocery category in the Association for Retail Environments. Waterstone was recognised for its intuitive layout, simple and consistent signage, and raw and natural materials, as well as its "green" design.

Woolworths Taste magazine was chosen as Customer Magazine of the Year at the most recent MPASA Pica Awards.

We have launched several innovations during the year as part of our commitment to offer food that is better for our customers and to promote healthy eating. An example is the new range handmade snack bars and a new chewing gum that uses xylitol – a sugar substitute that is derived from birch trees, fruit and vegetables - instead of artificial, non-nutritional sweeteners.



# 4 BECOME AN OMNI-CHANNEL BUSINESS



## ACROSS THE WHL GROUP



### STRATEGIC IMPERATIVE

OUR STRATEGY IS TO BECOME AN OMNI-CHANNEL BUSINESS, PROVIDING SEAMLESS, INTEGRATED AND PERSONALISED CUSTOMER EXPERIENCES ACROSS PHYSICAL AND DIGITAL CHANNELS. THIS WILL DEEPEN OUR CUSTOMER RELATIONSHIPS, GROW LOYALTY AND DRIVE SALES GROWTH.

As customers all over the world are more digitally enabled and online, browsing online before shopping in stores as well as online shopping are becoming increasingly important aspects of retailing. The growth of and access to smartphones and tablets requires online sites to be responsive to any device. A successful omni-channel strategy has enabled certain international retailers to create a clear competitive advantage by delivering an integrated and consistent experience across physical and digital channels.

Our strong digital presence in Australia has enabled us to grow overall market share with 8% of the Country Road Group retail sales taking place online. In South Africa online shopping is still in its infancy, although strong growth rates and ongoing investment by local retailers in their omni-channel strategies suggest the market here is evolving in the same way.

Our omni-channel intent is increasingly significant as our ever more "connected" customers expect a unique, personalised experience, consistency in how they

experience our brand and flexibility in how and where they browse and purchase goods and services. A single view of the customer across all channels is critical to drive personalised engagement.

The Woolworths website was re-launched in July 2013 and now allows for easy access on any device, including mobile phones. The majority of Woolworths' food, clothing and general merchandise offering can be viewed and purchased online. Online orders are picked, packed and dispatched from Woolworths stores. Food sales comprise the majority of our South African online revenue, however, stronger growth in clothing and general merchandise is being experienced. We are in the process of implementing a range of upgrades across our fulfilment processes to improve our online customer service proposition and will offer more advanced customer service options such as "click and collect".

In Australia, online sales growth continues and is a significant driver of growth for

all four brands, with the Country Road brand performing particularly well. With a standardised platform now in place for all brands, as well as growth in traffic and

conversion rates, we are confident of ongoing success in this area. Online sales have increased from 5% in 2012 to 8% in 2014.

RISKS	HOW WE ADDRESS THEM
Unable to deliver to the objective of being a southern hemisphere omni-channel leader	<ul style="list-style-type: none"> <li>- Detailed project plans covering all work streams in place</li> <li>- Group omni-channel team implemented</li> <li>- Group and brand omni-channel strategies defined to stabilise, integrate, optimise and grow</li> <li>- Group real estate plan has been devised to support each of the brand omni-channel strategies</li> </ul>
Failure to meet customer omni-channel expectations	<ul style="list-style-type: none"> <li>- Strengthen omni-channel thinking across the group</li> <li>- Monitor customer feedback and implement changes to service model in response</li> <li>- Implement ongoing upgrades to customer shopping experience, in-store and online</li> </ul>

### IMPERATIVES

- Enrich our customers' digital experience
- Grow online revenue



### OPPORTUNITY

The group aims to capture an increasing percentage of online retail sales in Australia by further developing the David Jones' website. The omni-channel strategy will also benefit from increased economies of scale across the Group's Australian IT infrastructure and distribution channels.

### ONLINE FULFILMENT

8%

### ONLINE SALES IN COUNTRY ROAD

FOOD MAKES UP THE MAJORITY OF SOUTH AFRICAN ONLINE SALES

### ACHIEVEMENTS

Woolworths is one of the fastest growing e-commerce business in South Africa.

During 2014, Woolworths has made great progress with visibility of its catalogue available online - 98.4% of the food catalogue and 88% of the C&GM range are available online.

### INSIGHT: SITEisfaction

Woolworths achieved third place in Columinate's SITEisfaction online services survey. The SITEisfaction score is determined by calculating the number of highly satisfied users versus the percentage of highly dissatisfied users. Each site is measured on a number of key drivers including ease of use, information, trust, security, value for money, range of products and delivery performance.

Online shopping available at [www.woolworths.co.za](http://www.woolworths.co.za), [www.countryroad.com.au](http://www.countryroad.com.au)

# 5 EXPAND INTO AFRICA



## SELECTED AFRICAN COUNTRIES



### STORE FOOTPRINT

#### IMPERATIVES

- *Grow in countries in which we already operate*
- *Leverage customer information*

### STRATEGIC IMPERATIVE

OUR VISION IS TO GROW OUR ALREADY MEANINGFUL BUSINESS IN AFRICA TO BECOME A MORE SUBSTANTIAL CONTRIBUTOR TO THE GROUP'S SALES AND PROFIT.

GDP in sub-Saharan Africa is forecast to grow at an average 6% in 2014, compared to around 3% and lower in South Africa and Australia. Coupled with rising household incomes, strong urbanisation and a significant emerging middle class, Africa remains a compelling growth opportunity.

We currently have 82 store locations in 11 countries, mainly other southern hemisphere African countries where the Group can leverage common fashion seasonality. Our product offering remains predominately focused on Woolworths C&GM, although we are growing our food offering in the countries bordering South Africa. There is also more opportunity to introduce the Country Road brands into selected countries, tailored to local customer requirements, and using loyalty data to understand local customer preferences.

Our existing businesses in Africa are performing extremely well and we believe there is significant opportunity to grow further. We reduced prices on key value product lines in C&GM and have seen benefits of good upliftment in sales.

We have now completed the process of buying back the franchise stores in Botswana, Namibia, Swaziland and Ghana. With the acquisition of these

33 stores we have achieved critical mass on which we can leverage processes and systems in our supply chain. During the year we exited our operations in Nigeria where we could not maintain our brand offering to customers.

We currently offer our customers in-store cards in Namibia (through WFS) and in Kenya (through a third party provider). We plan to roll-out financial services into other countries in the medium term, in partnership with local financial services providers.

Loyalty programmes were trialled in Kenya, Zambia and Mauritius with good response. These programmes will be rolled-out to other countries.

Stores in Africa retain the same look and feel as in South Africa with formats appropriate to market size and location to ensure good trading densities and profitable operations. We intend to open eight new stores in the next three years and will aggressively seek new space and invest capital in store extensions and modernisations.

RISKS	HOW WE ADDRESS THEM
Failure to meet expectations for aggressive profitable growth for Africa	<ul style="list-style-type: none"> <li>- Implemented new divisional structure and building management capability</li> <li>- New stores assessed and viabilities approved</li> <li>- Improve availability and range</li> <li>- Develop and approve a five-year IT roadmap</li> </ul>
Lack of real estate limits growth plan	<ul style="list-style-type: none"> <li>- Actively seek new real estate opportunities in Africa and investing in store extensions</li> </ul>
Non-reliability and speed of supply chain	<ul style="list-style-type: none"> <li>- Leverage on critical mass</li> <li>- Drive supply chain efficiencies and lead times</li> </ul>
Political, social or economic risks associated with operating in African countries	<ul style="list-style-type: none"> <li>- Viability studies conducted prior to entering a new market</li> </ul>

11  
NUMBER OF COUNTRIES

82  
STORE LOCATIONS

42 000m<sup>2</sup>  
TRADING SPACE

### ACHIEVEMENTS

We have completed the conversion of the Botswana, Namibia, Ghana and Swaziland franchises to corporate stores, giving us critical mass in Africa.

#### INSIGHT: A CONSISTENT EXPERIENCE ACROSS THE CONTINENT

*We want customers to enjoy the same Woolworths brand experience in Botswana that they have in South Africa. With the recent conversion of franchise into corporate stores, the first area that we addressed was pricing. The change in business model enabled us to secure immediate savings, which we elected to pass on to our customers.*

*The next step will be to review our promotional strategy and to launch the full Woolworths WRewards programme in Botswana early next year. Woolworths has had a presence in Botswana for over 25 years. The current network of 22 stores forms a significant part of our African footprint and our plans to expand into Africa.*

## 6 SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES

### WOOLWORTHS FINANCIAL SERVICES

4%

CONTRIBUTION TO PROFIT  
(2013:5%)



STORE FOOTPRINT

#### IMPERATIVES

- Transform the customer experience
- Closer integration with Woolworths retail customers

27

FINANCIAL SERVICES HUBS IN WOOLWORTHS STORES

 Additional content on [www.woolworths.co.za](http://www.woolworths.co.za)

#### STRATEGIC IMPERATIVE

OUR VISION IS TO OFFER SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES TO OUR CUSTOMERS AND TO CONTRIBUTE TO BUILDING STRONGER, MORE PROFITABLE CUSTOMER RELATIONSHIPS. TO ACHIEVE THIS WE WILL TRANSFORM THE WFS CUSTOMER EXPERIENCE AND BRING CLOSER INTEGRATION WITH WOOLWORTHS.

The WHL Group offers financial services to its customers through WFS, primarily in the form of store cards, credit cards and personal loans. WFS was launched in 1994 and became a joint venture operation in 2008, when Barclays Africa Group acquired a 50% controlling interest in WFS.

WFS offers customers both a Woolworths store card and a Woolworths-branded credit card, which together comprises approximately 1.7 million active accounts. The Woolworths store card, which accounted for approximately 26% of clothing sales and approximately 12% of food sales in 2014, is available only for use in Woolworths stores and online in South Africa and Namibia. The Woolworths credit card, which accounted for approximately 1% of both clothing and food sales in 2014, provides customers with access to the full range of Visa benefits and can be used outside Woolworths stores. Credit limits and overall spend on credit cards tend to be higher than with store cards. Both cards can be linked to the Group's WRewards loyalty programme and offer a variety of

rewards to customers, including vouchers and immediate discounts on store purchases.

WFS also offers a revolving personal loan to its customers. The majority of loans are for 12- to 24-month terms and are backed by debit orders to ensure consistent customer payments. There were in excess of 200 000 personal loan accounts at the end of the 2014 financial year.

CUSTOMERS CAN APPLY FOR WFS PRODUCTS IN WOOLWORTHS STORES OR ONLINE THROUGH THE WOOLWORTHS WEBSITE. IN A LIMITED NUMBER OF WOOLWORTHS STORES, WFS HAS A DEDICATED FINANCIAL SERVICES HUB THAT IS STAFFED WITH WFS PERSONNEL.





CUSTOMERS GET UP TO 3% BACK IN WVOUCHERS ON PURCHASES IN A WOOLWORTHS STORE.



INSIGHT: A WORLD-FIRST CREDIT CARD APPLICATION PROCESS

On 30 September 2013, WFS achieved a world first by launching an instant personalised credit card, which is chip and pin enabled, with the full limit immediately available.

Through a simple and convenient application process, a customer is able to walk into a store with a financial services hub, apply for credit, be assessed, be issued a credit card, and immediately shop in-store.

To date 3 120 instant credit cards have been issued, within an average time of 30 minutes and a record time of 15 minutes.

Customers are also offered the option of completing an application online or via the contact centre and concluding the process in-store, where the card will be issued immediately and ready for use.

Being a world first, WFS has registered a South African patent on this process.

The Woolworths credit card not only competes with retailers, but banks and other financial institutions too. Key features and benefits of the Silver, Gold and Black Woolworths credit card:

- by using their Woolworths credit card, customers get up to 3% back in WVouchers

on purchases in a Woolworths store in South Africa and Namibia and up to 1% back in WVouchers on purchases outside a Woolworths store.

- automatic WRewards membership offers customers exclusive special lower prices and exciting benefits.
- backed by Visa, the Woolworths credit card is accepted in 29 million stores worldwide.
- customers can use their Woolworths credit card to draw cash at any ATM displaying the Visa logo, worldwide.
- the WFS app provides customers with access to their latest balances, transactions and WVouchers on their mobile device. Black Credit Card customers can also access their free coffee and Taste Magazine vouchers on the mobile app.
- WUpdate is a free SMS notification service, offering security and peace of mind by notifying customers of any activity on their card.
- Woolworths credit card banking online is the latest addition to the offering, providing customers with an internet banking facility.

Customers can apply for WFS products in Woolworths stores or online through the Woolworths website. In a limited number of Woolworths stores, WFS has a dedicated financial services hub that is staffed with WFS personnel, where customers can apply for credit and, in most instances, receive an instantly issued Woolworths store or credit card. The Group and WFS intend to expand the number of such access points to approximately 50 stores. In the majority of Woolworths stores, customers can apply in-store for a card at a WFS counter located near customer service.

WFS has developed enhanced digital functionality through a new web portal

and mobile self-service option, which has supported the transition of more than 50% of the WFS account base from paper to electronic statements.

It has become increasingly important that the WFS customer experience is consistent with the Woolworths brand across all our channels, including stores, the contact centre, the Woolworths website and the WFS app. WFS is also becoming an integral part of the Woolworths omni-channel strategy.

WFS's strategy has been successful in delivering compound annual book growth of 12% and annual profit before tax growth of 9% over the last three years.

RISKS	HOW WE ADDRESS THEM
Unable to integrate the WFS customer experience	<ul style="list-style-type: none"> <li>- Roll-out for 21 more financial services hubs commenced</li> <li>- Additional products developed and delivered</li> <li>- Mobile voucher solutions available</li> <li>- Closer integration of loyalty programmes</li> </ul>

R8 821m

GROSS BOOK VALUE (2013:R7 958m)

18.8%

CARD CONTRIBUTION (2013:20.0%)

4.8%

IMPAIRMENT CHARGE (2013:3.0%)

2016 TARGET: 22%

RETURN ON EQUITY

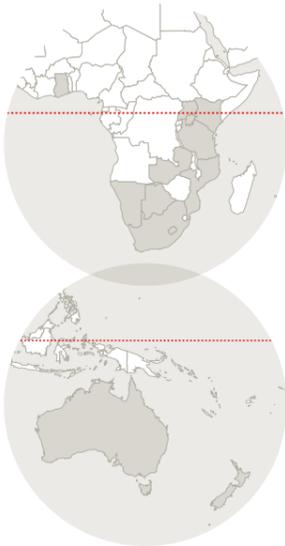
# 7 DRIVE SYNERGIES AND EFFICIENCIES



## ACROSS THE WHL GROUP

# 1 200

NUMBER OF STORE LOCATIONS INCLUDING DAVID JONES



SOUTHERN HEMISPHERE FOCUS

### STRATEGIC IMPERATIVE

A KEY STRATEGY FOR THE WHL GROUP IS TO LEVERAGE OUR SCALE. THROUGH CLOSER INTEGRATION ACROSS OUR BUSINESSES, WE WILL BE ABLE TO DRIVE EFFICIENCY AND ADD SIGNIFICANTLY TO THE BOTTOM LINE. TO ACHIEVE THIS IMPERATIVE, WE HAVE TO GROW GROUP SALES AND MARGINS AND LOWER THE COST OF DOING BUSINESS.

The acquisition of David Jones has created the platform for the Group to leverage scale. The savings generated by operating more efficiently will enable us to achieve our growth profitability targets.

To improve synergies and efficiencies we continue to develop a more global sourcing strategy, integrate the Group's supply chain, develop our real estate at lower cost and operate our stores more efficiently.

Woolworths C&GM has consolidated its sourcing to five key regions: South Africa, Mauritius/Madagascar, China, Bangladesh and India. It has established world-class supplier partners to drive scale, flexibility and speed, to enable fashion relevance. A focus on those suppliers who are vertically integrated delivers reduced production lead times and cost savings. The rationalisation of suppliers have been a focus since 2008, resulting in 70% of merchandise procured, now contracted with 30 suppliers. This process has enabled us to clearly differentiate ourselves in the South African market through quality, innovation and sustainability and has

delivered gross profit margin gains. A sourcing office has been established in Shanghai and good results are being obtained from using this facility, with 50% of merchandise sourced offshore.

The Country Road Group sources a majority of its apparel and accessories from outside of Australia. It pursues a regional supplier strategy, with a majority of its products sourced from China. Sourcing gains have been created from the acquisition of the Witchery Group and will continue with further integration with Woolworths sourcing teams.

The acquisition of David Jones will further enhance the opportunity to drive margin gains from the Group sourcing strategy.

The significant majority of Woolworths Food is sourced locally in South Africa and neighbouring countries. With an increased focus over the last three years on improving its sourcing, the number of food suppliers have been streamlined, developing fewer, more strategic relationships. Many of these suppliers have exclusive arrangements with Woolworths Food to supply its private label products.

Following the acquisition of Witchery, the Country Road Group performed a strategic review of its supply chain and distribution arrangements. In May 2014, the Country Road Group announced that it would commence a A\$53 million distribution and fulfilment transformation project to support the current and future needs of Country Road Group's omni-channel network. A dedicated owned and purpose built fulfilment facility will be located in Melbourne, Australia. The 22 000 m<sup>2</sup> distribution centre is expected to be operational by June 2015. The New Zealand facility will also be upgraded to support the Country Road Group's online and store network in New Zealand.

Woolworths has three distribution centres in South Africa: Cape Town, Midrand and KwaZulu-Natal. These distribution centres distribute food, clothing and

general merchandise products to stores throughout South Africa and countries in Africa. In South Africa a similar review was undertaken of the Woolworths supply chain to ensure that there was sufficient capacity to support the growth strategies in Food and Clothing and General Merchandise. During the year R284 million was invested in the Woolworths supply chain; this will increase in future years to build future capacity and drive productivity efficiencies.

# 4

DISTRIBUTION CENTRES

# R284m

INVESTMENT IN WOOLWORTHS SUPPLY CHAIN

### IMPERATIVES

- Drive margin gains from global sourcing
- Lower the cost of doing business
- Build distribution centre capacity

### INSIGHT: COMPLYING WITH THE SUPPLIER CODE OF CONDUCT

All Woolworths suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths supplier code of conduct and are regularly assessed against it. This means that the quality of their workmanship has to be the highest, their workforce has to be treated fairly and that any negative impact their operations might have on the environment is minimised.

Food targeted 95% compliance with the code for 2014 and achieved 95.03% compliance. Clothing's 2014 compliance target was 95%. 92% was achieved, with challenges in the engagement of international suppliers and supplier turnover preventing a higher score.

We are currently revising and improving the code of conduct, including, inter alia incorporating stricter fire safety and building compliance standards in our third party audits following the Bangladesh incidents.



Woolworths, Summer 2014

RISKS	HOW WE ADDRESS THEM
Unable to generate sourcing benefits across the Group	<ul style="list-style-type: none"> <li>- Improve Group sourcing capability</li> <li>- Rationalise and identify key suppliers to leverage sourcing synergies</li> <li>- Workstream established to consolidate supplier database across the Group</li> </ul>
Inability to reduce the cost of doing business	<ul style="list-style-type: none"> <li>- Lowering the cost of doing business reflected in all business unit strategies</li> <li>- Clear cost to sell targets designed to improve operational gearing</li> <li>- Analysing and improving the profitability of key initiatives</li> </ul>
Distribution capacity may not support future growth targets	<ul style="list-style-type: none"> <li>- Programmes underway to build new distribution centre in Australia</li> <li>- Investment in distribution centre capacity in South Africa</li> <li>- Introduce new processes to drive efficiencies in existing distribution centres</li> </ul>
Suppliers do not adhere to supplier code of conduct	<ul style="list-style-type: none"> <li>- Independent audits conducted</li> <li>- Code to be revised to include more stringent requirements in line with international best practice</li> </ul>
Reliance on IT systems	<ul style="list-style-type: none"> <li>- Diverse range of systems effectively manages various aspects of operations</li> <li>- Extensive investment in recent years to update and maintain IT systems, including the development of backup IT infrastructure</li> </ul>



**OPPORTUNITY**

*We intend to use our experience from the integration of Witchery into the Country Road Group operations to enable additional efficiency with the integration of David Jones' operations. The eventual migration of David Jones' operations to the Group's sourcing strategy will further lower the cost of goods through volume-based pricing benefits and enable us to compete with northern hemisphere retailers that are entering or expanding their presence in our core markets.*

**ACHIEVEMENTS**

We have identified global "centres of excellence" in China, Bangladesh, India, Madagascar and Mauritius to drive innovation and product differentiation, aided by better relationships with suppliers.

During the past year Woolworths also joined the Sedex Information Exchange – a unique, not-for-profit and innovative platform helping companies to manage ethical supply chain risk and streamline the challenging process of engaging with multi-tier supply chains. It is the largest collaborative platform for managing ethical supply chain data, with over 28 500 member companies from 23 business sectors in 150 countries. Initially, Woolworths plans to roll-out Sedex to all food suppliers.

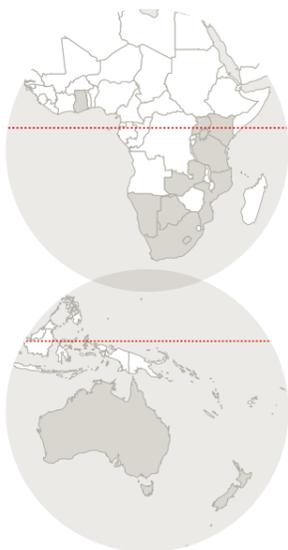
# 8 EMBED THE GOOD BUSINESS JOURNEY THROUGHOUT OUR BUSINESS



## ACROSS THE WHL GROUP

**91%**  
GOOD BUSINESS JOURNEY SCORE  
(2013:90%)

**3**  
LEVEL BBBEE RATING (2013:3)



**+31 000**  
EMPLOYEES (2013:29 000)

### STRATEGIC IMPERATIVE

SUSTAINABILITY IS A VITAL COMPONENT OF THE WOOLWORTHS “DIFFERENCE” AND WE ARE MARKET LEADERS IN THIS FIELD. WE MEASURE OUR PROGRESS ON THIS JOURNEY THROUGH THE ELEMENTS OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) SCORECARD, OUR LET’S ASK SURVEY, OUR LISTING ON THE JSE SRI INDEX, AND THE ACHIEVEMENT OF OUR GOOD BUSINESS JOURNEY SCORECARD TARGETS.

Customers increasingly examine the ethics of the sourcing and production of goods they purchase. We recognise that, as a private label business, sustainability is an integral part of the faith customers place in the Woolworths brand.

The Good Business Journey is now in its seventh year, but essentially still has the same two objectives:

- measuring and managing our direct and indirect impact on the community and world around us, right across our value chain, and
- educating and influencing our customers towards responsible consumption.

It drives growth, change and diversity, and underpins the sustainability initiatives of the Group across eight focus areas. These initiatives ensure the future sustainability of the Group’s business through social and environmental change, and also help drive commercial growth by offering a competitive advantage and tangible financial results. The Group seeks to ensure that it continually achieves the

sustainability targets set in each area of its operations and to expand and further integrate the Good Business Journey into all aspects of its operations.

Sustainability initiatives are not only a method of implementing cost-efficiencies, particularly in the supply chain, but also an opportunity for driving innovation and differentiating the Woolworths brand.

A consistent and Group-wide approach to applying our Good Business Journey principles is increasingly important for growing and protecting our reputation and will be a key focus area for the future. Our Good Business Journey currently focuses on eight key areas:

#### ETHICAL SOURCING

Ensuring that the products we sell are responsibly sourced from suppliers that share our values is the foundation of our Good Business Journey. Woolworths has always taken ethical sourcing very seriously and has driven this primarily through the Woolworths supplier code of conduct and supplier audits. We have recently embarked on a journey to better

manage our ethical supply chain risk and take more responsibility for improving the lives of workers in our South African and global supply chains, particularly where we are sourcing commodities and do not have direct relationships with the producers.

#### SUSTAINABLE FARMING

Agriculture in South Africa presents a number of challenges: water scarcity and quality issues, poor soil quality, the impact of climate change, security of land tenure, rising input costs, a declining number of farmers and trends towards urbanisation, which all affect food security and prices. Whilst industrialised agriculture has produced relatively cheap food in abundance for a number of years, it carries hidden costs for the health of the planet and its people.

To manage these supply chain risks, Woolworths recognises the need to shift to sustainable farming practices that protect soil, water sources, and biodiversity, support rural livelihoods and help communities cope with a changing climate, whilst producing sufficient and nutritious food. The same is required for the production of fibres used for textiles.

Woolworths and its suppliers are dedicated to selling products that cause the minimum of harm to the natural world in the way they are farmed. We continue to work with our suppliers through our “Farming for the Future” and “Fishing for the Future” initiatives and have initiated an animal welfare policy revision. We are also reviewing our responsible sourcing strategies for high-risk commodities such as palm oil, cocoa, cotton and soy.

#### WATER SCARCITY

We are working on understanding the true water risk in our food supply chain better and adopting a water stewardship approach to managing these. The water use involved in the full lifecycle of our Woolworths clothing products was researched and we are reducing water use in our supply chain where possible.

#### ENERGY

We have been very successful in our energy saving initiatives in Woolworths. We have achieved a 38% relative reduction in energy usage to date from our benchmark year and made crucial cost savings. We will continue investing in energy efficiency initiatives, trialling new clean energy projects and rolling out more broadly successful initiatives. Our key plans include a flagship “green” store, continued transport efficiencies and new refrigeration technologies. We currently have 45 stores which adhere to our Woolworths green store model.

#### WASTE

We continue reducing landfill waste through improved package design and content, and customer recycling options. We are also working on a study to benchmark how we can reduce food waste across our value chain.

Woolworths introduced a new on-pack recycling label (OPRL) in 2013, intended to assist recycling efforts by making it easier for customers to recycle correctly, while stimulating the growth of the recycling sector. The new labelling provides customers with simple icons and messaging showing each component of the packaging; the type of material it is made from (including what

**58%**  
OF FOOD PRODUCTS WITH A SUSTAINABILITY ATTRIBUTE

**60%**  
OF WOOLWORTHS CLOTHING PRODUCTS WITH A SUSTAINABILITY ATTRIBUTE

**R52m**  
MYSCHOOL SUPPORTER CONTRIBUTION (2013:R41m)

#### IMPERATIVES

- Ethical sourcing
- Sustainable farming
- Water scarcity
- Energy
- Waste
- Social development
- Transformation
- Health and wellness

Additional content in Good Business Journey report



**INSIGHT: WATER STEWARDSHIP IN THE WESTERN CAPE**

*Woolworths has been working in partnership with WWF-South Africa, WWF-UK, the Alliance for Water Stewardship and M&S, to address water related risks in the supply chain.*

*The project involves a small group of Woolworths and M&S shared stone fruit suppliers, and is working with them to implement the Alliance for Water Stewardship standard. Lessons learnt from this project will be taken forward in order to publish guidelines on good water stewardship in the region so that more farmers in the Western Cape can get involved in making sure freshwater is being managed sustainably.*

*On-farm assessments have been completed and suppliers have started implementing measures to improve efficiency. A workshop was hosted in October 2013, focussing on opportunities for collective action, to address water efficiency and quality at a catchment level.*

*This project is an example of how partnerships and collaboration is absolutely necessary to further address sustainability within our supply chains. Not only has this partnership drawn on the expertise of leading NGOs and suppliers, to address water related risks and build resilience at a farm level, but by driving collaboration within the catchment, it is helping to address water security risks at a more systemic level.*

sustainable materials have been used in the packaging); and the likelihood of each element of the packaging being widely recycled in South Africa, or not. The design of the Woolworths on-pack recycling label is currently supported by a number of South African industry associations and is set to become the new recycling standard in South Africa.

**SOCIAL DEVELOPMENT**

Our social development plan is spearheaded by the work of the Woolworths Trust in food security (EduPlant) and child safety, as well as the MySchool programme, and is aligned to the core business strategy and the national development priorities of South Africa.

Key to our social development approach is the involvement of our stakeholders including employees, customers, business partners, government departments, NGOs and the communities themselves.

Woolworths is in its tenth year of supporting the EduPlant programme. It is a schools-based food gardening programme aiming to connect schools to each other for support and more, the longest running in South Africa. In line with the social development and environmental goals of the Good Business Journey, the Woolworths Trust has donated more than R17 million to the EduPlant programme. Thousands of educators and hundreds of schools have been trained in permaculture techniques so that they can initiate and manage sustainable food gardens at their schools.

During the 2014 financial year, R52 million was contributed to the MySchool programme through over 808 000 active MySchool supporters. The contributions have supported more than 10 000 beneficiaries which includes Schools, Villages and Planets. We have seen an increase in contributions to MyPlanet charities over the past year - charities that care for animals and the environment.

**TRANSFORMATION**

In 2014, we maintained our Level 3 BBBEE contributor status, based on a self-assessment. With the introduction of the new BBBEE codes, we believe that we have developed a strong framework to build on despite the challenge of legislative changes.

Our commitment to enterprise development is key to addressing the challenge of job creation in South Africa by supporting emerging black-owned businesses in the Woolworths supply chain. Woolworths currently supports 53 enterprises and, as at end June 2014, had disbursed R42 million in loans and provided R284 million in business opportunities to these organisations.

The WHL Group has a BEE Employee Share Ownership Scheme (BEEESOS), which had 5 875 participants and had disbursed R241 million in dividends by the end of the reporting period. We maintained and improved the representation of black non-executive directors and senior executives through our succession planning and talent management processes.

**HEALTH AND WELLNESS**

Woolworths is committed to offering food that is better for our customers and promoting healthy eating. This includes helping to educate school children and their parents on nutrition as part of our Making the Difference Educational Programme.

We have set a target for the percentage of sales to be 'better' foods by end 2015. 'Better' foods are defined as foods (excluding brands) which are part of the Vitality HealthyFood programme plus products that are not on the programme but claim on the packaging that they are:

- a source of fibre, vitamins and minerals;
- low in saturated fats;
- low in cholesterol or
- devoid of trans fats which is a South African legal requirement.

**WOOLWORTHS TRUST HAS DONATED MORE THAN R17 MILLION TO THE EDUPLANT PROGRAMME.**



### WHL GROUP EMPLOYEES

The WHL Group's employees are the foundation of our business and a critical component enabling the group to execute its strategy and sustainability initiatives.

In 2014, the WHL Group employed over 31 000 people, primarily in South Africa and Australia.

The WHL Group seeks to establish an employee value proposition that will continue attracting, engaging and retaining the best, diverse talent required to deliver on our strategy. To accomplish this we develop a deep pipeline of skilled employees across all aspects of the Group's operations. There has been particular focus on attracting certain skills, such as digital talent, as our omni-channel operations develop, as well as other technological skills necessary for the growth of the food business, and design and other creative abilities associated with a fashion leader.

The WHL Group is a deeply values-based organisation and has a clear strategy of aligning leadership and culture to these values. In 2011, the WHL Group launched the Values-Based Leadership Programme to develop values-led managers

and employees, with a focus on the development of enterprise leadership, change leadership, communications and team leadership.

During 2014, 28 125 Woolworths employees received training. Woolworths has been acknowledged for its leadership in this area and received the wholesale and retail sector education training authority (W&RSETA) good practice award for skills development. These awards acknowledge learning and development best practice in the retail sector.

#### REMUNERATION

The Woolworths remuneration framework supports the delivery of the strategy. Guaranteed pay is benchmarked against major South African retail and non-retail companies to ensure competitiveness, and market conditions, company performance, internal comparability, individual responsibility, performance and behaviour are all taken into consideration. Annual reviews of salaries take into account financial and non-financial individual performance against agreed goals and individual behaviour against company values and market competitiveness.

Woolworths employees are given the opportunity to participate in both short-term and long-term incentive schemes. Short-term incentive schemes are linked to business and individual performance. The WHL Group also operates defined contribution funds, such as the Woolworths Group Retirement Fund, for the benefit of permanent employees over the age of 63, and subsidises a portion of the medical aid contributions of retired employees who joined prior to the cut-off date.

#### HEALTH AND SAFETY

The WHL Group adheres to and complies with all health and safety legislation and regulations in all its territories.

In South Africa, all Woolworths buildings are designed within stringent health and safety guidelines and with employee and customer well-being as a primary consideration. The number of injuries on duty for 2014 was 735 compared to 682 in 2013, and there were no deaths due to injury on duty for the year.

**THE WHL GROUP IS A DEEPLY VALUES-BASED ORGANISATION AND HAS A CLEAR STRATEGY OF ALIGNING LEADERSHIP AND CULTURE TO THESE VALUES.**

RISKS	HOW WE ADDRESS THEM
Unable to attract and retain talent to enable the delivery of our strategy	<ul style="list-style-type: none"> <li>– Build recruitment relations with local and international agencies</li> <li>– Establish strategic relations with institutions</li> <li>– Continuously benchmark our employee value proposition (EVP) to maintain competitiveness</li> <li>– Develop critical technical capability/skills and leadership for the future</li> </ul>
Woolworths is not a leader in sustainability in the southern hemisphere resulting in the loss of competitive advantage	<ul style="list-style-type: none"> <li>– Deliver a Good Business Journey marketing plan that is integrated into Food and Clothing marketing plans</li> <li>– Driving innovation at product process level</li> <li>– Driving water, waste and energy reduction programmes</li> </ul>
Failure to transform the South African organisation in line with the requirements of the new BBBEE Codes of Good Practice	<ul style="list-style-type: none"> <li>– Analyse potential impact for the new BBBEE Codes</li> <li>– Develop, agree and implement a change management process for internal and external partners in Woolworths transformation journey</li> <li>– Reach agreement on targets for the new codes</li> </ul>

#### INSIGHT: WOOLWORTHS TRUST

*During the year Woolworths directed more than R500 million to a range of charity organisations in South Africa as part of our commitment to food security and education – most of this through our store-based donations to local charities of past-sell by date, but still fresh, food. Partners and beneficiaries have included our EduPlant, Making the Difference and MySchool programmes as well as the recipients of our surplus food and clothing, such as the Clothing Bank.*

#### ACHIEVEMENTS

Woolworths is the main partner of The MySchool MyVillage MyPlanet programme – one of South Africa's biggest community fundraising programmes. At the International Loyalty EMEA Awards 2014 London:

1. WRewards won Best Loyalty Programme of the year retail (Foods)
2. MySchool MyVillage MyPlanet won Best Loyalty Programme of the year Middle East and Africa
3. MySchool MyVillage MyPlanet won Best CSR Initiative linked to Loyalty
4. MySchool MyVillage MyPlanet received a commendation for Best Loyalty Programme Marketing Campaign of the year (Swipe for Africa)

Woolworths is one of 27 BRICS companies selected by The Boston Consulting Group as part of its 2014 BCG Local Dynamos report. "Local dynamos" are emerging market firms that have succeeded by staying home and beating both multinationals and local, often state-owned companies. Woolworths was included for our uniquely engrained sustainability principles across the business. The WHL Group was included in the JSE SRI Index and the Dow Jones World Sustainability Index again this year.



# OUR GOVERNANCE

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100 / Key executives  
102 / Governance report  
111 / Remuneration report

## DIRECTORS

### SIMON SUSMAN (64)

- Non-independent, Non-executive Director and Chairman
- Chairman of the Nominations and Sustainability committees
- Member of the Remuneration, Risk and Compliance, and Social and Ethics committees
- Expertise: Retail and environmental
- Joined the Board in 1995 and appointed as Chairman in 2011

### IAN MOIR (55)

- (Australian)
- Group Chief Executive Officer
- Member of the Risk and Compliance, Sustainability, and Social and Ethics committees
- Expertise: International fashion retail
- Joined the Board in 2010

### PETER BACON (67)

- (British)
- Independent Non-executive Director
- Member of the Audit and Remuneration committees
- Expertise: International hospitality, business leadership
- Joined the Board in 2006

### ZARINA BASSA (50)

- Independent Non-executive Director
- Member of the Audit, Risk and Compliance and Nominations committees
- Expertise: Retail banking and finance
- Joined the Board in 2011

### TOM BOARDMAN (64)

- Independent Non-executive Director
- Lead Independent Director
- Chairman of the Remuneration committee
- Member of the Nominations, Sustainability and Social and Ethics committees
- Expertise: Retail banking, environmental and business leadership
- Joined the Board in 2011

### HUBERT BRODY (50)

- Independent Non-executive Director
- Member of the Audit and Risk and Compliance committees
- Expertise: Business leadership, funding and capital management
- Joined the Board in 2014

### ANDREW HIGGINSON (57)

- (British)
- Independent Non-executive Director
- Member of the Audit, Risk and Compliance and Remuneration committees
- Expertise: International food retailing and finance
- Joined the Board in 2012

### MIKE LEEMING (70)

- Independent Non-executive Director
- Chairman of the Audit, and Risk and Compliance committees
- Member of the Nominations committee
- Expertise: Financial services and manufacturing
- Joined the Board in 2004

### NOMBULELO MOHOLI (54)

- Independent Non-executive Director
- Member of the Remuneration and Social and Ethics committees
- Expertise: Telecommunications
- Joined the Board in 2014

### CHRIS NISSEN (56)

- Independent Non-executive Director
- Chairman of the Social and Ethics committee
- Member of the Sustainability and Nominations committees
- Expertise: Community development and transformation
- Joined the Board in 2004

### SIR STUART ROSE (65)

- (British)
- Independent Non-executive Director
- Member of the Remuneration, Risk and Compliance, Nominations and Sustainability committees
- Expertise: International retail
- Joined the Board in 2011

### THINA SIWENDU (48)

- Independent Non-executive Director
- Member of the Risk and Compliance and Social and Ethics committees
- Expertise: Legal and corporate governance
- Joined the Board in 2009

### REEZA ISAACS (45)

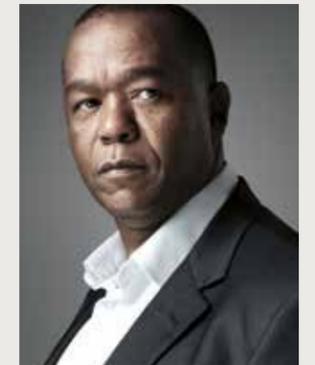
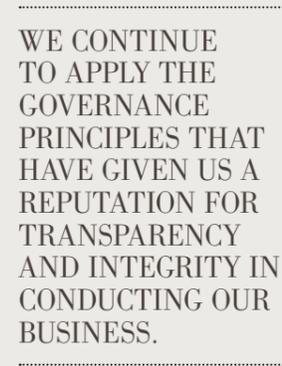
- Finance Director
- Member of the Risk and Compliance committee
- Expertise: Financial
- Joined the Board in 2013

### SAM NGUMENI (46)

- Chief Operating Officer
- Member of the Risk and Compliance committee
- Expertise: Organisational change, transformation and operations
- Joined the Board in 2014

### ZYDA RYLANDS (49)

- Managing Director: Food
- Member of the Risk and Compliance and Sustainability committees
- Expertise: Food retail and operations
- Joined the Board in 2006



WE CONTINUE TO APPLY THE GOVERNANCE PRINCIPLES THAT HAVE GIVEN US A REPUTATION FOR TRANSPARENCY AND INTEGRITY IN CONDUCTING OUR BUSINESS.

## KEY EXECUTIVES

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**IAN MOIR**  
- Group Chief Executive Officer

**CHRISTO CLAASSEN**  
- Managing Director (elect)  
Clothing and General  
Merchandise

**PAULA DISBERRY**  
- Group Director Retail  
Operations

**CHARMAINE HUET**  
- Group Director  
Marketing and Sustainability

**REEZA ISAACS**  
- Finance Director

**BRETT KAPLAN**  
- Managing Director  
Clothing and General  
Merchandise

**SAM NGUMENI**  
- Chief Operating Officer

**ZYDA RYLANDS**  
- Managing Director  
Food

**THOBEKA SISHUBA-  
MASHEGO**  
- Group Secretary and Group  
Director Governance, Risk,  
Compliance and Legal

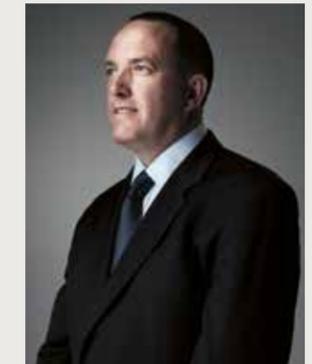
**DOUG WALKER**  
- Chief Executive Officer –  
Woolworths Financial Services

**MATT KEOGH\***  
- Chief Executive Officer –  
Country Road Group

**IAIN NAIRN\***  
- Chief Executive Officer –  
David Jones Group



OUR STRATEGY  
IS WORKING AND  
THE TEAMS ARE  
VERY FOCUSED ON  
DELIVERY TO IT.



\* Absent for photograph

## GOVERNANCE REPORT



### REPTRAK™ PULSE SURVEY.

Woolworths achieved first position in the RepTrak™ Pulse survey. The survey considers seven reputation drivers: products and services, innovation, performance, citizenship, workplace, governance and leadership.



WOOLWORTHS WAS AGAIN INCLUDED IN THE JSE SOCIALLY RESPONSIBLE INVESTMENT (SRI) INDEX FOR 2014 AS WELL AS THE DOW JONES WORLD SUSTAINABILITY INDEX.

Woolworths is on the shortlist for this year's Ethical Corporation responsible business awards in the following categories:

BEST BUSINESS NGO PARTNERSHIP

BEST SUPPLIER ENGAGEMENT

The Board is the central pivot around which the execution of the Group's corporate governance revolves.

The Board is tasked with directing, administering and controlling the affairs of the Group and has a responsibility to manage the activities of the company and Group in a transparent, fair and responsible manner.

The Board is supported by the Nominations, Remuneration, Social and Ethics, Sustainability, Audit, and Risk and Compliance committees to carry out the oversight role of ensuring that the activities of the Group are managed in the manner that is consistent with ethical leadership and values of the Group. These committees report to the Board on their activities in line with their delegated powers and authority.

The Board embraces the notion of integrated reporting and considers the full spread of financial and non-financial reporting with a balanced approach to performance and compliance. The Board is committed to transparency and accountability as the fundamentals to safeguard the Group's assets and protect value for all stakeholders, including shareholders.

The Board is of the opinion that the Group has applied all significant governance principles and is compliant with all significant Listings Requirements of the JSE. The Group has not breached any regulatory requirements and has not failed any statutory obligation. A review of the application to King III is provided on page 105.

The Board is of the opinion that the risk process is effective in continuously identifying and evaluating risks and ensuring that these risks are managed in line with business strategy. An external assurance provider was engaged in 2013

to perform an independent assessment of our risk framework and processes. The output from this review provided management with opportunities to continuously improve its risk framework and processes. The review indicated that the processes are either ahead of or in line with local South African retail benchmarks. The Group has made progress in developing the risk appetite for managing significant risks that could have a material impact to the business. Key risk metrics and measures have been developed with risk indicators clearly defined.

### CHANGES TO GROUP STRUCTURE

The structure of the WHL Group has changed significantly with the acquisition of David Jones Limited on 1 August 2014 and the acquisition of the minority shareholding of Country Road Group on 2 September 2014.

The headquarters of WHL will remain in South Africa and the company will retain its listing on the Johannesburg Stock Exchange. As the Group becomes a southern-hemisphere-based retailer, with a sizeable portion of its turnover and profits being earned in Australia, the governance framework and processes will be enhanced and updated to ensure that the governance is appropriate for the changing stakeholder base and the geographies in which it conducts its business operations.

The role of the Group Secretary will take on increasing proportions as the complexity of an international Board and the operational governance within the Group company structure develop further.

### GOVERNANCE PROCESSES

The values of the WHL Group support its approach to governance and drive decision-making in every aspect of the Group's operations.

#### BOARD GOVERNANCE

The Board process is managed by the Group company secretariat department supported by the risk, legal, compliance and governance functions reporting to the Group company secretariat and Group Director: Governance, Risk, Compliance and Legal.

The Board and Board committees meet on a quarterly basis in line with the financial and strategy processes of the Group. The strategic direction of the Group is formally discussed twice a year at meetings dedicated to the strategies of the Group. The Board engages management on performance against the strategy on a quarterly basis to test the effectiveness and viability of operational execution to ensure that the strategic objectives are delivered.

The Board committees report back to the Board on how they carried out their responsibilities. The committees annually assess their mandates as documented in their terms of references and provide an internal view of the effectiveness of each committee.

The Board meeting week held during November 2013 took place in Melbourne, Australia. In addition to committee and Board meetings, a comprehensive programme was set up to expose the directors to the Australian retail market and the dynamics within which the WHL Group operates. As the Group structure evolves, the need for the Board to see and experience the different geographical opportunities first-hand may be a more regular occurrence on the annual Board programme.

Prior to the commencement of the proposed acquisition of David Jones, the Board agreed that given the size and complexity of the transaction, it would be appropriate to constitute a sub-committee with a mandate to ensure that due process and effective oversight was carried out for the acquisition. The members on the sub-committee were Tom Boardman, Peter Bacon, Zarina Bassa, Andrew Higginson, Mike Leeming and Simon Susman. The sub-committee had extensive engagement with management and independent local and international financial and legal advisors throughout the acquisition process. Where required, the Audit committee provided additional oversight to review pro forma financial information as required by the Listings Requirements of the JSE.

The sub-committee chartered for the David Jones acquisition, was also given the mandate to review the strategy and detailed mechanics for the acquisition of the Country Road Group minority shares.

#### OPERATIONAL GOVERNANCE

There are well-entrenched governance structures within the Group to ensure proper assurance is given to material, significant strategic and operational matters. As the Group structure changes, the Board will focus their oversight on material issues while the day-to-day operational governance by management will assume greater importance. The current structures in place include:

- Real estate committee to manage real estate development
- Investment committee to manage the approval of capital planning allocations
- Treasury committee

WOOLWORTHS WAS A FINALIST IN THE SA NATIONAL BUSINESS AWARDS IN THE CORPORATE CITIZENSHIP AWARD CATEGORY.



### EY EXCELLENCE IN INTEGRATED REPORTING AWARDS 2014

The WHL Integrated report was rated in the "excellent" category and received a merit award for "crispness".

WOOLWORTHS IS A FINALIST FOR THE EU AFRICA CHAMBER OF COMMERCE "CSR IN AFRICA AWARDS" 2014.

These structures will be further developed to take into account the addition of David Jones and the change in shareholding of Country Road.

The Board appoints directors to manage and direct the activities of major subsidiaries and the senior executives of the Group. Key executives manage functional areas for the Group, as explained on page 100.

Each business unit is supported by a leadership team who review the strategic objectives and capital initiatives and assess the risks and identify opportunities, as well as operational execution of the strategy within their unit.

The Board recognises that risk management is an integral part of the Group strategy and delegates to management the responsibility of designing, implementing and monitoring the risk management plan. The Group combined assurance

model is tabled on an annual basis to ensure that the Board is comfortable with the level and type of assurance that the Group obtains. The effective use and the extent of the types of assurance in the three lines of defence model will be an integral way in which the operational governance of the Group will be managed. As the Group expands, the key executives will provide the Board with appropriate assurance in terms of the first line of defence, with the Board requiring additional external and/or independent assurance on material issues.

Compliance with statutory and legislative requirements is managed through an integrated compliance framework. The compliance monitoring plan is approved on an annual basis. The plan provides independent objective assurance that material legislation applicable to the business has been monitored and ensures that process and compliance controls are in place to manage compliance risk.

### BOARD GOVERNANCE STRUCTURE

The figure below illustrates the distribution of responsibilities among the different governance parties in the WHL Group. This is the mechanism through which the Group monitors the implementation of strategy, policies and performance.

#### BOARD GOVERNANCE STRUCTURE



### KING III APPLICATION

The Board takes responsibility for the holistic application of the principles contained in the King III Code, without diluting the Group's focus on sustainable performance. Where the Board has deemed that recommended practices are not in the best interests of WHL, this report follows King III in explaining the reasons for an alternative approach to and application of governance. While there has been no change in the areas where the King III principles have not been applied, the Board believes that acceptable processes are applied in order to support the spirit of the principle.

The complete King III register is available on the website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za). The areas where we have elected to deviate from the recommended application are:

#### KING III PRINCIPLE

- The Board should elect a Chairman of the Board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the Board. (See page 106)
- The evaluation of the Board, its committees and the individual directors should be performed every year. (See page 106)

### THE BOARD

#### ROLE AND FUNCTION

The WHL Board is guided by a charter that is reviewed annually. The charter includes a delegation of authority, which states the matters to be dealt with and the delegation of matters by the Board to its committees. There are a number of governance policies that complement the delegation of authority. These policies are reviewed on an annual basis and

the Board approves all amendments. The Board charter and key governance policies are available on our website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

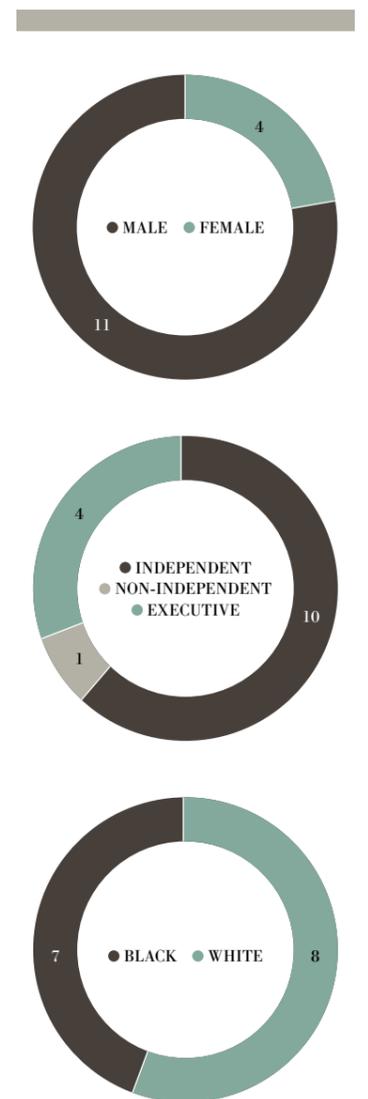
#### COMPOSITION

The Group has a unitary Board with a diverse composition. The directors (see page 98 for their profiles) bring a wide range of skills and experience to the Board. No individual director has unfettered powers of decision-making or influence over the Board.

The responsibilities of the Chairman and Chief Executive Officer have been clearly defined and are separate. The Chairman is responsible for providing overall leadership of the Board and ensuring that the Board receives accurate, timely and clear information to ensure that the directors can perform effectively. The Chief Executive Officer is responsible for the execution of the approved strategy.

The Nominations committee considers succession and recommends candidates for Board vacancies based on skills, experience and the need to ensure diversity and balance in the composition of the Board. Three directors were appointed to the Board; they will all stand for election by shareholders at the November 2014 Annual General Meeting (see the Chairman's report on pages 36 to 40 for more information).

An appropriate induction programme is in place for new directors. They are provided with all the necessary documents to familiarise themselves with the Group and issues that affect the Board. An ongoing programme focuses on existing Board members and aims to create an evolving understanding of the business, governance and compliance environment. This includes site visits to stores, suppliers and distribution centres and is co-ordinated within the quarterly Board meeting schedule.



BOARD COMPOSITION

King III assessment available on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

**TENURE OF DIRECTORS**

The Memorandum of Incorporation states that a director may serve office for a continuous period of nine years, unless otherwise decided by the Board on an annual basis. The Board has the discretion to extend the tenure of a director who has served for nine years, after being satisfied that the director is still independent and performing his/her duties to acceptable standards. Mike Leeming and Chris Nissen have both served on the Board for ten years. In 2013, the Board agreed to extend their tenures for an additional year to November 2014.

Chris Nissen will retire from the Board at the conclusion of the November 2014 Annual General Meeting.

With the recent acquisition of David Jones and the acquisition of the minority shares in the Country Road Group, the Board considered that it was important to maintain the experience and continuity of the Chairman of the Audit committee in managing the impact of the acquisition on the Annual Financial Statements for the 2015 financial year. The Board has therefore exercised its discretion to extend the tenure of Mike Leeming for a further year.

The independence of Mike Leeming has been assessed and the Nominations committee is satisfied that he is still independent.

**INDEPENDENCE OF DIRECTORS**

The independence and performance of all non-executive directors is reviewed annually by the Chairman. A formal independence test is performed on those directors retiring by rotation at the Annual General Meeting. The Board applies the direction provided by King III and international governance practice in its determination of a director's independence.

Directors retiring by rotation at the Annual General Meeting in 2014 are Zarina Bassa, Stuart Rose and Simon Susman. Both Zarina Bassa and Stuart Rose are considered to be independent.

The Chairman, Simon Susman, has previously been classified as a Non-independent Director by virtue that he held the position of Group Chief Executive Officer until November 2010. King III principles state that it is preferable for a three-year cooling-off period after which a director may be considered independent. International governance practice considers a five-year cooling-off period more acceptable. Giving consideration to both King III and international governance practice and the number of WHL shares held by Simon Susman, which are material to his overall wealth, Simon is classified as a Non-independent Director. The Board has agreed to maintain the position of the Lead Independent Director held by Tom Boardman. The Lead Independent Director oversees matters discussed by the Board when the Chairman may, or is seen to, have a conflict of interest.

**BOARD AND COMMITTEE SUCCESSION**

The Nominations committee reviews Board and committee succession on an annual basis. Two non-executive directors were appointed, one non-executive director will retire at the November 2014 Annual General Meeting and an executive director was appointed. The committee proposed changes to the committee memberships, which will be effective after the Annual General Meeting. Thina Siwendu will take over as the Chairman of the Social and Ethics committee on the retirement of Chris Nissen; Mike Leeming will relinquish his role as Chairman of the Risk and Compliance committee to Zarina Bassa with effect from February 2015. Effective 1 July 2014, Zarina Bassa was appointed to the Nominations committee, Hubert Brody was appointed to the Audit, and

Risk and Compliance committees and Nombulelo Moholi was appointed to the Remuneration and Social and Ethics committees. These appointments ensure the committees are well resourced and provide appropriate succession opportunities.

**BOARD, COMMITTEE AND DIRECTOR EVALUATIONS**

Formal Board and committee evaluations are carried out every two years due to the significant amount of time that is committed to these processes and the feedback and implementation of recommendations. An independent service provider conducted an evaluation in May 2013 with agreed recommendations implemented during the year. The next formal evaluation will be conducted in 2015. In the intervening years when a formal review is not carried out, each committee reviews its effectiveness by way of a review of their activities against the approved terms of reference. The Chairman of each committee reports back to the Board on this assessment.

An informal performance evaluation of individual directors takes place on an ongoing basis. A formal review by the Chairman is conducted prior to any director standing for re-election, and is shared with the nominations committee and the Board. The review of the Chairman is carried out by the Lead Independent Director in consultation with the Nominations committee.

**COMPANY SECRETARY**

The Board is cognisant of the duties of the Group Secretary and has created an environment in which the Group Secretary is able to ensure that Board procedures and relevant regulations are fully adhered to. The Group Secretary is not a director of the company, but the directors have unlimited access to the advice and services of the Group Secretary.

The Board assessed and was satisfied that the Group Secretary is competent and has the appropriate qualifications and experience required by the Group. The Group Secretary's qualifications are outlined on page 28 of the 2014 Notice of AGM and Abridged Financial Results Report. The Board is satisfied that the Group Secretary has maintained an arm's length relationship with the Board. The Group Secretary acts as secretary for the Board committees.

**ETHICS AND INTEGRITY**

The WHL values (see page 13) determine behaviour and decision-making processes in the Group, and form a material part of

each employee's performance appraisal process. At Woolworths, the latest annual Let's Ask employee survey has shown that 86% of employees feel positive about Woolworths as an ethical company.

The Woolworths Ethics Programme is supported by corporate policies on gifts, insider trading and conflict of interests. We have a zero-tolerance policy towards fraud, theft, corruption or any similar illegal behaviour. We continue promoting the anonymous tip-off line run by Deloitte. The Group has adopted a whistleblowing policy and an anti-corruption and sanctions policy to align with the OECD guidelines on corruption.

The relationship which we have with suppliers is regulated by the Woolworths Code of Business Principles which is aligned to the Group values. All suppliers are regularly assessed to ensure compliance to the Code. Corrective measures are implemented where areas of non-compliance are highlighted.

Woolworths customer complaints are managed through the customer call centre and directed to management for resolution. Complaints lodged with the Consumer Commission have been successfully resolved.

**BOARD ATTENDANCE AND ACTIVITIES**

MEMBERS	ATTENDANCE		2014 ACTIVITIES
	Board	Strategy	
Simon Susman (c)	4/4	2/2	- Approved the strategy, three-year financial plan and one-year budget for 2015 - Approved the half-year and year-end financial results and JSE announcements - Approved the Integrated Report - Discussed and considered material issues relating to execution of strategy - Approved the acquisition of all the shares of David Jones Limited - Approved the acquisition of the minority shareholding of Country Road Limited - Approved the appointment of new directors during the year and the extension of tenure for a current director - Approval of non-executive directors' fees for tabling at the annual general meeting - Considered the declaration of directors' personal financial interests at each meeting
Ian Moir	4/4	2/2	
Peter Bacon	4/4	2/2	
Lindiwe Bakoro*	1/2	0/1	
Zarina Bassa	4/4	2/2	
Tom Boardman	4/4	2/2	
Andrew Higginson	4/4	2/2	
Reeza Isaacs**	2/2	1/1	
Mike Leeming	4/4	2/2	
Chris Nissen	3/4	2/2	
Sam Ngumeni***	1/1	1/1	
Stuart Rose	4/4	2/2	
Zyda Rylands	4/4	2/2	
Thina Siwendu	4/4	2/2	
Norman Thomson*	2/2	1/1	

\* Resigned/Retired from the Board on 26 November 2013  
 \*\* Appointed to the Board on 26 November 2013  
 \*\*\* Appointed to the Board on 12 February 2014

a/b = number of meetings attended/maximum number of meetings held  
 c = denotes Chairman of the Board or committee  
 Apologies tendered and accepted when absent from meetings.

## BOARD COMMITTEES

The role and responsibility of each Board committee are set out in terms of references, which are reviewed on an annual basis and approved by the Board. The full terms of reference of each committee can be found on our website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

In line with the delegated powers and authorities, the committees report quarterly to the Board on how they carried out their responsibilities. All committees reviewed their responsibilities and are satisfied that they have carried these out during the year.

### NOMINATIONS COMMITTEE

The Nominations committee ensures that there is proper succession planning for the Board, Group Chief Executive Officer and the Executives. This will ensure that the five-year Group strategy is well executed.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Simon Susman (c)	4/4	<ul style="list-style-type: none"> <li>- Recommended that one director due to retire after ten years service continue on the Board for continuity for the Audit committee</li> <li>- Reviewed succession planning for the Board and recommended the appointment of two additional non-executive directors and one executive director</li> <li>- Reviewed the succession planning for the Group Chief Executive Officer and senior executive positions</li> <li>- Approved the appointment of directors of David Jones and Country Road Group and key executive positions within the WHL Group</li> <li>- Reviewed the performance objectives and key activities of the Group Chief Executive Officer</li> <li>- Assessed the competence and expertise of the Group Secretary</li> <li>- Reviewed the integrated shareholder engagement strategy</li> </ul>
Tom Boardman	4/4	
Mike Leeming	4/4	
Chris Nissen	4/4	
Stuart Rose	4/4	

### RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance committee is tasked to ensure that all significant risks are identified, evaluated and effectively managed. The metrics that track progress of business units meeting their strategic objectives are tested and verified. These form the basis of the risk appetite approved by the Board, in line with the strategic objectives of the Group.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Mike Leeming (c)	4/4	<ul style="list-style-type: none"> <li>- Reviewed the key risk profile to ensure alignment with Group performance objectives</li> <li>- Approved new methodology for identification and management of Group risks</li> <li>- Reviewed operational and legal risks</li> <li>- Reviewed operational and legal risks associated with the acquisition of David Jones</li> <li>- Reviewed information technology risks as presented by the Chief Information Officer</li> <li>- Combined assurance model and compliance monitoring plan approved</li> <li>- Receive updates on changes in regulatory landscape and the impact on the business</li> <li>- Reviews the Group's business continuity strategy and processes</li> <li>- Evaluated the insurance programme to ensure that it covers all the insurable risks</li> </ul>
Lindiwe Bakoro*	1/2	
Zarina Bassa	4/4	
Andrew Higginson	4/4	
Reeza Isaacs**	2/2	
Ian Moir	4/4	
Sam Ngumeni***	1/1	
Stuart Rose	4/4	
Zyda Rylands	4/4	
Thina Siwendu	4/4	
Simon Susman	4/4	
Norman Thomson*	2/2	

 Terms of reference available at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

### AUDIT COMMITTEE

The Audit committee ensures that the Group's financial standing is sound. It also ensures that the internal financial controls are adequate and effective. In addition, it approves the external audit fees, ensures that the internal audit department is well resourced and that the finance processes are effective.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Mike Leeming (c)	4/4	<ul style="list-style-type: none"> <li>- Reviewed and recommended the half-year results, Annual Financial Statements and Integrated Report to the Board for approval</li> <li>- Reviewed and recommended the financial information in the documentation required for the acquisition of David Jones and the Country Road Group minority shares</li> <li>- Considered the internal audit coverage plan and ensured integration with the combined assurance model</li> <li>- Satisfied itself with the Group's internal financial controls</li> <li>- Approved internal audit charter</li> <li>- Reviewed competence and experience of the Finance Director and the finance function</li> <li>- Approved treasury policy</li> <li>- Approved insider trading, price sensitive information, complaints and external auditors independence policies</li> </ul>
Peter Bacon	4/4	
Lindiwe Bakoro*	1/2	
Zarina Bassa	4/4	
Andrew Higginson	4/4	

  The statutory report from the Audit committee is included in the Annual Financial Statements report and can also be downloaded from the website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

### REMUNERATION COMMITTEE

The Remuneration committee ensures that the Group offers a compelling employee value proposition. The committee ensures that short-term and long-term incentives are commensurate to the Group's performance against strategy with challenging performance conditions and trigger points for achievement of targets.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Tom Boardman (c)	4/4	<ul style="list-style-type: none"> <li>- Approved the remuneration policy</li> <li>- Ensured that remuneration of Group Chief Executive Officer, executive directors and executive committee members is in line with the remuneration policy</li> <li>- Approved remuneration package for senior executive appointments</li> <li>- Approved the short- and long-term incentive scheme designs and performance conditions and targets for the 2014 financial year</li> <li>- Approved vesting for applicable share awards</li> <li>- Reviewed the impact of the rights offer on the long-term share incentive scheme for further consideration by the trustees of Woolworths Holdings Share Trust</li> <li>- Appointed independent advisors to determine the fair and reasonable adjustments for the long-term share incentive schemes as a result of the right offer</li> </ul>
Peter Bacon	4/4	
Lindiwe Bakoro*	1/2	
Andrew Higginson	4/4	
Stuart Rose	4/4	
Simon Susman	4/4	

   Details of WHL remuneration are disclosed in the Remuneration report on page 120, the Annual Financial Statements Report and can also be downloaded from our website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

**SUSTAINABILITY COMMITTEE**

The Sustainability committee focuses mainly on ethical trade and environmental issues including: water, sustainable farming, waste management, energy usage and climate change and its impact on our supply chain and how we can deliver to our customers. The committee ensures that the Food and Clothing and General Merchandise business segments embed the Good Business Journey principles in their decision-making and how they source material.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Simon Susman (c)	3/3	<ul style="list-style-type: none"> <li>– Reviewed the execution of the environmental aspects of Good Business Journey programme</li> <li>– Reviewed Good Business Journey strategy for Woolworths Food and Clothing and General Merchandise</li> <li>– Approved key strategic shifts for the Good Business Journey programme and key focus areas</li> <li>– Reviewed report on external benchmarking with retail, social and environmental trends</li> <li>– Appointed external assurance providers</li> <li>– Reviewed the external assurances provided on key metrics</li> </ul>
Tom Boardman	3/3	
Chris Nissen	3/3	
Ian Moir	3/3	
Stuart Rose	3/3	
Zyda Rylands	3/3	

 Additional content in the Good Business Journey Report and on our website at [www.woolworths.co.za](http://www.woolworths.co.za)

**SOCIAL AND ETHICS COMMITTEE**

The Social and Ethics committee drives our Good Business Journey pillars focusing on social development and transformation. The role of the committee has matured in its oversight to ensure that the Group plays a strong corporate citizenship role in South Africa. The committee ensures that the Group's employment equity measures are in line with the spirit of the law as well as contributing to job creation. The committee monitors the company's activities against international ethical and social standards, including the principles of the UN Global Compact.

MEMBERS	ATTENDANCE	2014 ACTIVITIES
Chris Nissen (c)	4/4	<ul style="list-style-type: none"> <li>– Approved the targeted level BBBEE contributor status and strategy, plans and progress to achieve target</li> <li>– Approved external BBBEE verification agency</li> <li>– Reviewed employment equity plans submitted to Department of Labour and skills development plans in line with Skills Development Act, 97 of 1998</li> <li>– Reviewed social and ethics committee framework of policies and processes to manage activities against ethical and social standards</li> <li>– Reviewed the activities of the Woolworths Trust and its donations and charitable giving</li> <li>– Reviewed the activities of the BEE Employee Share Ownership Scheme Trust</li> </ul>
Tom Boardman	4/4	
Ian Moir	4/4	
Thina Siwendu	4/4	
Simon Susman	4/4	

 Additional content in the Good Business Journey Report and our website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

**REMUNERATION REPORT**

This report provides a holistic view of Woolworths remuneration philosophy, policy and principles and is mainly relevant and applicable to the Group Chief Executive Officer, Executive directors, Exco and senior management associated with Woolworths.

As explained on page 46, WHL acquired David Jones on 1 August 2014 and Country Road Group became a wholly owned subsidiary on 2 September 2014. In future this remuneration report will reflect the remuneration philosophy, policy and principles of the WHL Group inclusive of all the major operating subsidiaries being Woolworths, Country Road Group and David Jones.

A brief outline of the application of the Country Road Group remuneration policy is included on page 119 of this report.

**WOOLWORTHS REMUNERATION PHILOSOPHY AND POLICY**

The company's remuneration policies are designed to achieve alignment between Woolworths' business strategy and the behaviour of the Group Chief Executive Officer, Executive directors, Exco and senior management (including prescribed officers). Therefore, the company's remuneration policy and the implementation thereof are focused on achieving a fair and sustainable balance between guaranteed package, short-term incentives, long-term incentives and retention schemes for these employees.

To achieve a performance culture and an alignment with shareholders, through value creation, the total reward mix is geared towards a high percentage of pay "at risk" for the achievement of stretched goals which are aligned to company performance, individual performance and employee behaviour. This is explained as follows:

- the annual review of salaries takes into account both financial and non-financial individual performance against agreed goals, individual behaviour against company values and market competitiveness;
- short-term incentives will only be paid if the incentive trigger on minimum annual profit before tax and exceptional items ("PBTA") has been met;
- the target for the short term incentive is determined annually in advance, as follows:
  - target performance warrants an on-target percentage payout.
  - stretched performance targets are very robustly set and the achievement of stretched company targets are rewarded appropriately, with linear payout between the minimum incentive trigger and stretched performance. Final payouts are modified against the delivery of agreed business unit targets and achievement of Individual Performance ("IPM").

- vesting of any grant of Share Appreciation Rights ("SARS") depends on whether headline earnings per share ("HEPS") growth targets are met; and
- vesting of any Long Term Incentive Plan ("LTIP") grant depends on whether HEPS growth and Total Shareholder Return ("TSR") targets are met. Vesting of the LTIP is equally dependent on the achievement of the following performance conditions:
  - for the achievement of a minimum target HEPS growth a threshold percentage of shares vests and for the achievement of stretched HEPS growth targets 100% of 50% of the grant vests;
  - for the achievement of minimum target TSR performance a threshold percentage of shares vest and for the achievement of stretched TSR performance 100% of 50% of the grant vests.

The group performance conditions underpinning the vesting of "at risk" remuneration were selected as they are seen as measures encouraging sustainable growth, without encouraging excessive risk taking.

The alignment with other stakeholders and especially our customers is supported by the individual goals which, in the case of Woolworths, incorporate selected metrics of the Good Business Journey as well as goals and metrics aligned to the delivery of the business strategy.

The WHL Group's strategic objectives are set out in the Integrated Report and the composition of Group Chief Executive Officer, Executive directors, Exco and senior management total remuneration packages reflect and reward achievement of these objectives through the delivery of key individual and business units goals which are linked to these objectives.

The Remuneration committee has the discretion to make ex-gratia payments where extraordinary value, not recognised by existing schemes, is created by executives.

### REMUNERATION PRINCIPLES

The remuneration policy has been designed and implemented to attract, retain and reward top executives and scarce skills.

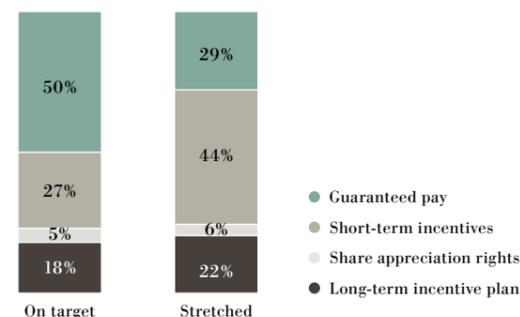
The principles applied in the integrated remuneration policy are:

- support the delivery of Group strategy;
- recognise and reward individual responsibility, performance and behaviour;
- attract, retain and appropriately reward top retail executives;
- create a balance between short- and long-term incentive schemes;
- the guaranteed pay ("TCoE") is benchmarked against major South African retail and non-retail companies to ensure competitiveness; and
- as the WHL Group expands its international footprint, guaranteed pay (TCoE) is increasingly benchmarked against international retail and non-retail companies.

Executive pay is made up of three elements:

- TCoE: market related and tailored to individual performance and behaviour;
- short-term incentives: paid as an incentive on achievement of PBTAE targets; and
- long-term incentives: paid if performance conditions are met on the vesting date and designed to incentivise the long-term delivery of strategic goals and financial performance as well as support medium- to long-term retention of senior executives and core and scarce skills.

These elements are explained in more detail below showing how the Group's integrated reward strategy translates into the composition of the Group Chief Executive Officer and Executive directors' remuneration packages (the aggregate of both) and the mix between guaranteed and variable pay. The long-term incentive component is calculated based on the fair value thereof, as determined by IFRS and charged to the income statement, and not the face value of the instruments.



### REWARD INSTRUMENTS FOR GROUP CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS IN 2014 - ON TARGET AND STRETCHED PERFORMANCE

### GUARANTEED PAY ("TCoE")

TCoE is reviewed annually against retail peer companies in South Africa and as the WHL Group's international footprint expands, against comparable companies internationally. Market conditions, company performance, internal comparability, individual performance and responsibility are taken into consideration.

TCoE includes compulsory contributions to the Woolworths Group Retirement Fund and the Wooltru Healthcare Fund. In addition senior management can elect optional structuring options within TCoE, which include:

- additional voluntary pension contributions to the Investment Solutions Pension Fund;
- car allowance;
- car leasing options;
- additional discount structuring on Woolworths purchases; and
- overseas subsistence allowance.

### INCREASES AWARDED FOR OTHER CATEGORIES OF EMPLOYEES

Exco (excluding executives directors, but including internal Exco promotions)	10.44%
Management	6.29%
Staff	7.86%

On average, the Group Chief Executive Officer and Executive directors' TCoE for the financial year increased by 12.10%. This includes the annualised effect of the adjustment made to the TCoE of the Group Chief Executive Officer in January 2013.

### SHORT-TERM INCENTIVE SCHEME

Executives and senior management participate in an annual short-term incentive scheme. It is designed to motivate executives to achieve the short-term strategic, financial, operational and sustainability (including transformation) objectives in the annual business plan.

The bonus pool is self-funding and is created (inclusive of the on-target cost of the incentive) after achieving a predefined PBTAE growth target. Financial performance below threshold warrants no bonuses being paid. The short-term incentive scheme therefore has a gatekeeper which ensures that minimum levels of financial performance are met before a bonus pool accrues. This is in line with best practice remuneration governance principles.

Short-term incentives will only be paid if the incentive trigger on minimum annual profit before tax and exceptional items (PBTAE) has been met.

The target for the short-term incentive is determined annually in advance.

- Target performance warrants an on-target percentage payout.
- Stretched performance targets are very robustly set and the achievement of stretched company targets are rewarded appropriately, with linear payout between the minimum incentive trigger and stretched performance.

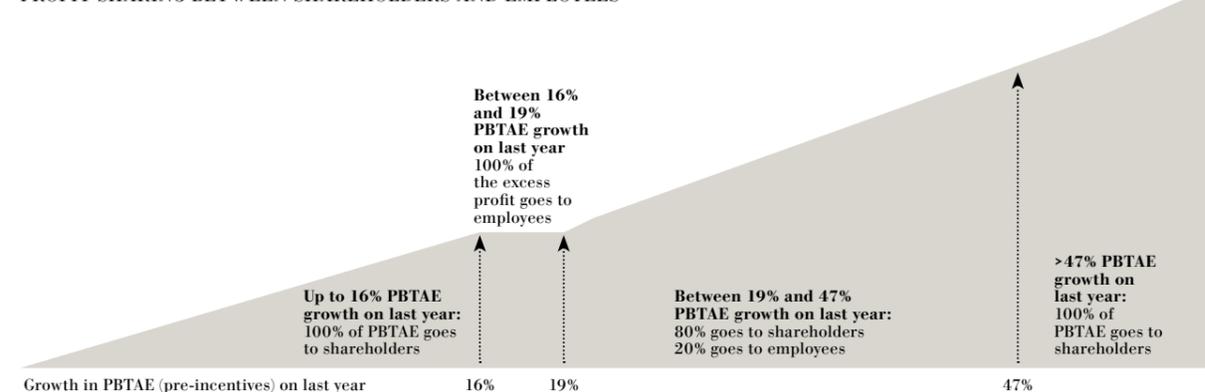
Final payouts are modified against the delivery of agreed business unit targets and achievement of individual performance (IPM).

### EARNINGS POTENTIAL

The Group Chief Executive Officer, Executive directors and Exco's earnings potential in terms of the short-term incentive scheme is capped at stretched performance. Earnings potential for the short-term incentive at threshold, target and stretched is illustrated below for the different levels (as % of TCoE).

The earnings potential is applied on a sliding scale between threshold, target and stretched performance. The Group considers stretched performance levels to be robustly set aligning with shareholder and stakeholder value creation. The Group also believes that earnings potentials for bonuses is fair in comparison to the value created at threshold, target and stretched performance. In order for the Group Chief Executive Officer, Executive directors and Exco to achieve maximum bonus pre-incentive PBTAE needs to grow by 46.9% on last year. Threshold payments equal a pre-incentive PBTAE growth of 17%.

### PROFIT SHARING BETWEEN SHAREHOLDERS AND EMPLOYEES



**EARNINGS POTENTIAL AND CAPPING AS A PERCENTAGE OF TCoE**

ROLE	THRESHOLD (Pre-incentive PBTAE growth of 17%)	TARGET (Pre-incentive PBTAE growth target of 19%)	STRETCHED (Pre-incentive PBTAE growth target of 46.9%)
Group Chief Executive Officer	28%	70%	150%
Executive Directors and Exco (excluding Country Road and David Jones Australia)	20%	50%	150%

**WEIGHTING OF FINANCIAL METRICS AND IPM**

In terms of the company's balanced scorecard approach both Group and business unit financial performance as well as IPMs are used to calculate bonus payments. IPMs are individual goals measured through the company's integrated performance management process. The details and weighting of these performance metrics in calculating the bonuses paid are set out below.

A pre-incentive PBTAE of 26.4% for the 2014 financial year was achieved and performance bonuses were paid out.

In finalising bonus payments the Remuneration committee has an element of discretion to mitigate any unintended consequences.

**FINANCIAL AND IPM WEIGHTING METRICS**

ROLE	GROUP FINANCIAL		OPERATING SEGMENT FINANCIAL		IPM	
	Weighting	Metric	Weighting	Metric	Weighting	Metric components
Group Chief Executive Officer	70%	WHL Group PBTAE	0%	n/a	30%	- Operating profit margin - Market growth/share - Acquisitions - Cost to sell - BEE
Finance Director Chief Operating Officer Group Director Marketing Group Director Governance, Risk & Compliance	70%	WHL Group PBTAE	0%	n/a	30%	- Operating profit margin - Return on equity - Cost to sell - BEE
Executive Director Food Executive Director Clothing and General Merchandise Group Director Retail Operations	40%	WHL Group PBTAE	30%	Operating segment PBTAE	30%	- Operating profit margin - Cost to sell - Stock turn - Market growth/share - Availability - BEE

**LONG-TERM INCENTIVE SCHEMES**

The long-term incentive schemes aim to drive both long-term shareholders' growth and talent retention.

The Woolworths Holdings Share Trust manages the shares for the purposes of the long-term incentive share schemes. The Trust Deed rules were approved by shareholders in November 2010 to bring them in line with Schedule 14 of the JSE Limited Listings Requirements. The maximum number of shares available for allocation in terms of the share schemes is 85 000 000, representing approximately 10% of the current issued share capital, which is in line with the average of companies listed on the JSE.

Shares allocated to participants under the long-term incentive scheme may be purchased on the open market or new shares may be issued. Shares and grants may not be awarded or exercised during the closed period.

The long-term incentive schemes make use of three instruments, namely:

- share appreciation rights scheme (SARS);
- long-term incentive plan (LTIP); and
- restricted share plan (RSP), which was set up as an attraction and retention mechanism.

In any one financial year, the maximum market value of grants and/or offers in terms of the long-term incentive schemes may not exceed 250% (face value) of an individual's TCoE. The aggregate total number of shares awarded to an individual participant may not exceed 12 700 000.

The previous share options and share purchase schemes are still in existence. However since the introduction of the new share schemes in July 2007 and November 2009, no new grants have been made. The deferred bonus scheme (DBP) was discontinued with effect 1 July 2012 and the last tranche of matching DBP relates to the August 2011 allocation which vested in August 2014.

**UTILISATION OF SHARE SCHEME SHARES**

Opening balance available	25 031 436
Allocations made to participants	(3 858 075)
Exercised/lapsed	6 075 690
Sold by participants	(3 995 008)
Closing balance available	23 254 043

<b>SHARE APPRECIATION RIGHTS (SARS)</b>	
Participants are awarded a conditional right to receive shares equal to the value of the difference between the share price at the time that the rights were granted and the share price when the rights are exercised (should the share appreciate in value).	
Grant limits	- Group Chief Executive Officer: face value allocation of 70% of TCoE calculated at the grant date. - Executive directors and Exco: face value allocation of 60% of TCoE calculated at the grant date. - The grant price is the volume weighted average price of a share as quoted on the JSE for the 5 business days immediately preceding the date on which the allocation is made.
Vesting period	- Not less than three years. The Woolworths strategic planning cycle is three to five years and therefore in order to align shareholder and executive interests, the financial plan and targets which underpin the vesting period are agreed for a three-year period.
Performance conditions	- Headline earnings per share (HEPS) growth of Consumer Price Index (CPIX) plus 6% over a three-year performance period.
Retesting if performance not met	- Not permitted. - Awards lapse.
Other	- SARS not exercised within a period of seven years lapse. - Rules governing cessation of employment, change in control and delisting are as per the rules of the scheme and align with King III practice recommendations.
Number of participants	486

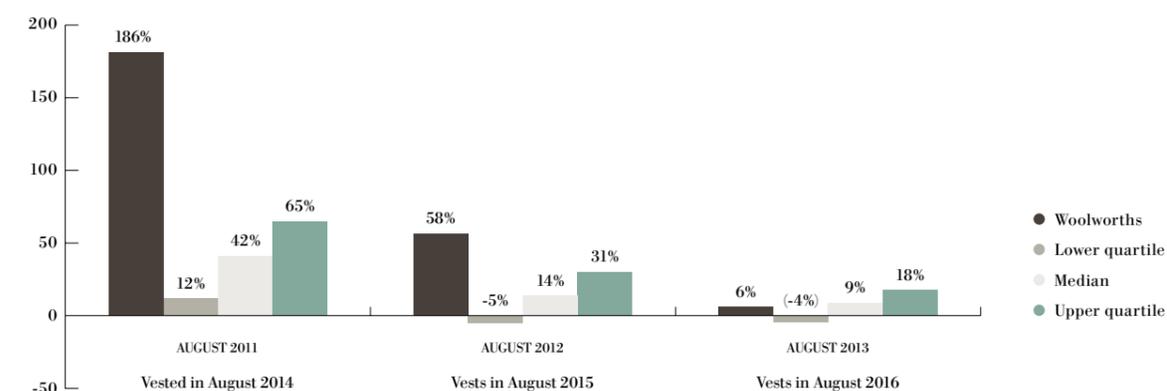
<b>LONG-TERM INCENTIVE PLAN (LTIP)</b> The LTIP provides for the delivery of conditional awards in shares after three years from date of grant provided that certain conditions are met.	
<b>Grant limits</b>	<ul style="list-style-type: none"> <li>Group Chief Executive Officer: face value allocation of 100% of TCoE calculated at the grant date.</li> <li>Executive directors and Exco: face value allocation of 65% of TCoE calculated at the grant date.</li> <li>The grant price is the volume weighted average price of a share as quoted on the JSE for the 5 business days immediately preceding the date on which the allocation is made.</li> </ul>
<b>Vesting period</b>	<ul style="list-style-type: none"> <li>Three years, subject to achievement of performance conditions over a three-year performance period.</li> <li>The Woolworths strategic planning cycle is three to five years and therefore, in order to align shareholder and executive interests, the financial plan and targets which underpin the vesting period are agreed for a three-year period.</li> </ul>
<b>Performance conditions</b>	<ul style="list-style-type: none"> <li>Equally weighted between HEPS growth and TSR of the company relative to the TSR of a selected peer group index for the same period.</li> <li>The HEPS condition has a minimum threshold for 30% vesting and a stretch target for 100% vesting.</li> <li>TSR condition:                             <ul style="list-style-type: none"> <li>if the TSR performance of Woolworths falls below the lower quartile (i.e. if 75% of our peers perform better than Woolworths), then this portion of the LTIP does not vest.</li> <li>if the TSR performance of Woolworths exceeds the upper quartile (or 75% of our peers) performance, then 100% of the award vests.</li> </ul> </li> </ul>
<b>Peer group for TSR evaluation</b>	Our peer group consists of 21 JSE-listed companies based on the PricewaterhouseCoopers closeness metric approach which selects a peer group based on the following factors: sector, EBITDA, total assets, market capitalisation, and price earnings ratio.
<b>Retesting if performance not met</b>	<ul style="list-style-type: none"> <li>Not permitted.</li> <li>Awards lapse.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Vesting occurs on a linear scale in accordance with an agreed threshold and stretched target.</li> <li>Participants receive a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period.</li> </ul>
<b>Number of participants</b>	58

**PERFORMANCE GRAPHS**

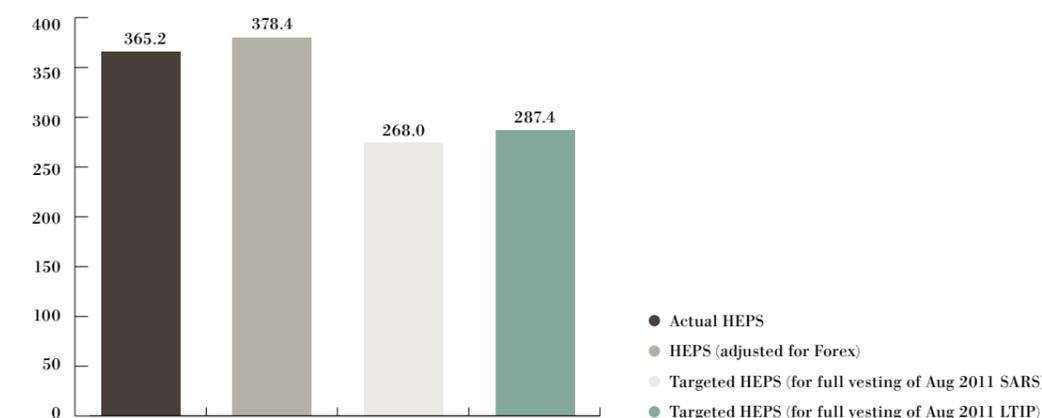
The TSR graph below compares the TSR performance of the company to the TSR index of the peer group of companies at the lower, median and upper quartile. These comparisons are for the August 2011, August 2012 and August 2013 LTIP awards.

The HEPS graph indicates the target HEPS which was required for the full vesting of the August 2011 SARS and the LTIP awards, against Woolworths' actual HEPS and HEPS (adjusted for forex) plotted against it.

TSR GROWTH AGAINST PEER GROUP COMPANIES



HEPS PERFORMANCE



**RETENTION SCHEME**

The restricted share plan (RSP) is designed to retain and motivate Executive directors, Exco and employees who are key to the delivery of the company's long-term strategy and our financial performance. It may also be used for once-off awards for the recruitment of key executives which invariably requires compensation to address value forfeited on resignation from a previous employer.

As reported on SENS in June 2013, the Group Chief Executive Officer will be entitled to receive an allocation of 355 000 RSP shares. The allocation was made as a consequence of his employment being changed to permanent basis in May 2013. The Finance Director received an allocation of 104 840 RSP shares on his appointment to the Group in June 2013. The Group Director Clothing and General Merchandise elect received an allocation of 162 227 RSP shares on his appointment to the Group in July 2014.

<b>RESTRICTED SHARE PLAN (RSP)</b> RSP provides for the unrestricted delivery of shares after a three to five year period from the date of grant provided that the participant is still in the employ of the company.	
Grant limits	<ul style="list-style-type: none"> <li>Limits between 100% and 300% of TCoE.</li> <li>Discretion can be applied by the Board.</li> </ul>
Vesting conditions	<ul style="list-style-type: none"> <li>100% vesting on condition that the participant is still in the employ of the Group on the expiry of the agreed vesting period.</li> <li>Performance conditions considered by the board from time to time.</li> </ul>
Eligibility	Limited to the Group Chief Executive Officer, executive directors, Exco and selective core and scarce employees.
Other	<ul style="list-style-type: none"> <li>Shares are purchased on the open market and held by a third party in escrow.</li> <li>Rules governing cessation of employment, change in control and delisting are as per the rules of the scheme and align with King III practice recommendations.</li> </ul>
Number of participants	60

**IMPACT OF OUR SHARE SCHEMES ON EARNINGS PER SHARE (DILUTED EPS)**

Eligible employees are incentivised through the grant of LTIP's (conditional share awards) and SARS (conditional rights). Both these instruments are designed to deliver shares to eligible employees in the future upon vesting thereof. The percentage of vesting is subject to the extent to which performance conditions have been met over the performance period. Therefore, should the company issue shares to settle the instruments the number of shares in issue may increase in the future with the effect that the company's earnings per share (EPS) could be negatively impacted (diluted). However, if shares are purchased on the market to settle this would have no dilution impact.

The Annual Financial Statements illustrate the effect of the future issuing of shares to settle LTIP and SARS and the effect this may have on (dilution) upon EPS. The calculation of diluted EPS is covered in note 6 of the Annual Financial Statements.

**EMPLOYMENT AGREEMENTS**

Ian Moir, the Group Chief Executive Officer, was appointed on a permanent basis in May 2013. His employment agreement includes a restraint of trade agreement for a period of two years after his retirement date.

The notice periods for the executive directors and Exco are between three and six months, which are in line with industry. Expatriate Exco members are on fixed-term contracts which are on average signed for a three-year period renewable for a further two years. These contracts are all subject to obtaining and maintaining the applicable work permits entitling them to work in South Africa.

**COUNTRY ROAD GROUP REMUNERATION PHILOSOPHY AND POLICY**

Country Road Group's reward strategy is part of the People strategy. It is based on principles of rewarding performance and alignment with the shareholding of WHL in Country Road Group. The reward strategy applies an inclusive approach, consisting of fixed pay and short- (STI) and long-term incentives (ELTIS).

Key aspects of the remuneration policy are:

REMUNERATION ELEMENT	DESCRIPTION	ADDITIONAL INFORMATION
Remuneration principles	<ul style="list-style-type: none"> <li>Total employment cost (TEC)</li> <li>Performance based pay</li> <li>Cost control</li> <li>Competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Total employment cost including superannuation.</li> <li>Exceptional performance plays a role in determining employees' fixed pay. Additional earning opportunities through variable pay schemes.</li> <li>Competitive remuneration within the parameters of affordability.</li> <li>Strive to remain competitive in local and international market.</li> </ul>
REMUNERATION ELEMENT		
Fixed pay	<ul style="list-style-type: none"> <li>Reviewed annually against retail peer companies in Australia.</li> <li>Market conditions, company performance, individual performance and responsibility and internal equity are also considered.</li> </ul>	
STI	<ul style="list-style-type: none"> <li>Designed to motivate executives and head office employees to achieve the short-term financial and operational objectives as per the strategic plan.</li> <li>The bonus pool is created on a self-funding basis (inclusive of the on target cost of the incentive) after achieving a pre-defined PBTAE growth target.</li> <li>On target for Chief Executive Officer: 40% of TEC and maximum 115% of TEC.</li> <li>On target for Executive management committee (EMC): 30% of TEC and maximum 115%.</li> <li>Final payment is weighted as follows:                             <ul style="list-style-type: none"> <li>Support services: 70% company and 30% individual performance.</li> <li>Product: 30% company, 40% business unit and 30% individual performance.</li> </ul> </li> </ul>	
ELTIS	<ul style="list-style-type: none"> <li>Designed to advance the interest of the Country Road Group and WHL by attracting, retaining and incentivising selected senior employees who contribute to the growth of the Country Road Group and the achievement of the long-term objectives.</li> <li>Number of units granted 1 x TEC.</li> <li>Vesting period is 3 years.</li> <li>Performance condition: EPS growth of CPI + 2% compounded over the 3 years.</li> <li>Cash settled scheme.</li> </ul>	

**DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS**

Emoluments paid to directors and prescribed officers of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 29 June 2014 and comparatives for 30 June 2013 are set out below:

2014	Notes	Guaranteed pay				Short-term performance bonus	Long-term benefits		Retention	Total remuneration R000's
		Remuneration (1) R000's	Retirement, healthcare and related benefits R000's	Other benefits (2) R000's	Total guaranteed pay R000's	Performance bonus R000's	Interest-free loan benefit (3) R000's	Fair value of shares, options, SARS, LTIP and DBP granted (4) R000's	Fair value of restricted shares (5) R000's	
<b>Executive Directors</b>										
Ian Moir		8 959	45	32	9 036	9 595	–	6 711	2 185	27 527
Reeza Isaacs	(6)	2 802	298	28	3 128	2 430	–	853	2 163	8 574
Sam Ngumeni	(7)	2 632	567	31	3 230	3 065	255	1 698	1 615	9 863
Zyda Rylands		3 623	693	18	4 334	3 601	808	2 811	507	12 061
Norman Thomson	(8)	1 324	127	224	1 675	1 029	301	253	–	3 258
		<b>19 340</b>	<b>1 730</b>	<b>333</b>	<b>21 403</b>	<b>19 720</b>	<b>1 364</b>	<b>12 326</b>	<b>6 470</b>	<b>61 283</b>
<b>Prescribed Officers</b>										
Paula Disberry	(9)	503	75	4	582	311	–	387	110	1 390
Brett Kaplan		3 069	339	29	3 437	1 921	–	2 197	663	8 218
		<b>3 572</b>	<b>414</b>	<b>33</b>	<b>4 019</b>	<b>2 232</b>	<b>–</b>	<b>2 584</b>	<b>773</b>	<b>9 608</b>
		<b>22 912</b>	<b>2 144</b>	<b>366</b>	<b>25 422</b>	<b>21 952</b>	<b>1 364</b>	<b>14 910</b>	<b>7 243</b>	<b>70 891</b>
<b>Non-executive Directors</b>										
	Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Other benefits R000's	Total non-executive directors' benefits R000's
Simon Susman	(10)	955		89	71	87	140	71	1 900	3 313
Peter Bacon		235	107	89					14	445
Lindiwe Bakoro	(11)	110	51	44	34				6	245
Zarina Bassa		235	107		71				13	426
Tom Boardman		288		178		52	71	71	14	674
Andrew Higginson	(12)	705	107	89	70					971
Mike Leeming		235	213		140	53			14	655
Chris Nissen		235				53	71	140	35	534
Stuart Rose	(13)	704		89	71	53	71			988
Thina Siwendu		235			71			71	15	392
		<b>3 937</b>	<b>585</b>	<b>578</b>	<b>528</b>	<b>298</b>	<b>353</b>	<b>353</b>	<b>2 011</b>	<b>8 643</b>

**NOTES**

- Remuneration includes non-executive director fees paid by Country Road Limited as follows: Ian Moir A\$97 500, Norman Thomson A\$20 000, Zyda Rylands A\$40 000 and Paula Disberry A\$6 667.
- Other benefits are primarily discounts received on purchases made in our stores.
- The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 6.167% (average) on the value of the outstanding loan.
- IFRS 2 Share-based payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP held at the end of the financial year. It also includes the allocation of BEEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.
- IFRS 2 Share-based payments has been used to equate the annual expense value of restricted shares used as a retention scheme.
- Reeza Isaacs was appointed as Finance director on 26 November 2013. His remuneration disclosed is for the full financial year, including the five month period prior to him being appointed as a director.
- Sam Ngumeni was appointed to the Holdings Board on 12 February 2014. His remuneration disclosed is for the full financial year, including the seven month period whilst he was a prescribed officer.
- Norman Thomson retired on 26 November 2013. Other benefits include his leave pay and retirement gift. He earned A\$20 000 as a Non-executive Director of Country Road up to his retirement. He remained a Non-executive Director of Country Road and earned A\$45 000 for the remainder of the financial year. Norman has been appointed as Non-executive Director for certain African countries from 26 November 2013 and he earned fees of R175 000 for the period 26 November 2013 to 29 June 2014.
- Paula Disberry was appointed as Group Director: Retail Operations with effect 1 September 2013. The position is not considered to be a prescribed officer and therefore remuneration from that date is not disclosed. She remained a Non-executive Director of Country Road limited and was paid fees of A\$33 333 for the period 1 September 2013 to 29 June 2014.
- Simon Susman, the Chairman of the Board, previously held the role of Group Chief Executive Officer. On his retirement as Group Chief Executive Officer (in 2010) and in terms of the rules of the share scheme the directors approved that he had the balance of 10 years (of which the last allocation was in October 2006) to settle the interest-free share loan relating to the purchases of shares under Woolworths Holding Share Trust whilst he was an employee of Woolworths.  
Other benefits of R1 899 817 (2013: R2 067 847) include the following:  
– post-retirement healthcare benefit of R31 320;  
– discounts received on purchases made in our stores of R56 892;  
– interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 811 604. The benefit has been calculated at 6.167% (average) on the value of the outstanding loan.
- Lindiwe Bakoro resigned on 26 November 2013.
- Andrew Higginson's fees as a director are paid in Sterling as a British resident.
- Stuart Rose's fees as a director are paid in Sterling as a British resident. However, there is an agreement in place to purchase Woolworths shares with his net fee payment, on instruction from Stuart Rose.

**DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS (CONTINUED)**

2013	Notes	Guaranteed pay				Short-term performance bonus R000's	Long-term benefits		Retention		Total remuneration R000 's
		Remuneration (1) R000's	Retirement, healthcare and related benefits R000's	Other benefits (2) R000's	Total guaranteed pay R000's		Interest-free loan benefit (3) R000's	Fair value of shares, options, SARS, LTIP and DBP granted (4) R000's	Fair value of restricted shares (5) R000's		
<b>Executive Directors</b>											
Ian Moir		7 401	28	26	7 455	10 308	–	5 221	4 110	27 094	
Norman Thomson	(6)	2 999	294	42	3 335	5 345	762	702	825	10 969	
Zyda Rylands		3 338	652	15	4 005	4 130	854	2 807	1 252	13 048	
		<b>13 738</b>	<b>974</b>	<b>83</b>	<b>14 795</b>	<b>19 783</b>	<b>1 616</b>	<b>8 730</b>	<b>6 187</b>	<b>51 111</b>	
<b>Prescribed Officers</b>											
Paula Disberry	(7)	2 787	456	526	3 769	2 510	–	1 632	1 621	9 532	
Brett Kaplan		2 610	294	23	2 927	2 297	119	1 550	1 632	8 525	
Sam Ngumeni		2 327	494	22	2 843	2 863	262	1 230	1 919	9 117	
		<b>7 724</b>	<b>1 244</b>	<b>571</b>	<b>9 539</b>	<b>7 670</b>	<b>381</b>	<b>4 412</b>	<b>5 172</b>	<b>27 174</b>	
		<b>21 462</b>	<b>2 218</b>	<b>654</b>	<b>24 334</b>	<b>27 453</b>	<b>1 997</b>	<b>13 142</b>	<b>11 359</b>	<b>78 285</b>	

Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Other benefits R000's	Total non-executive directors' benefits R000's
<b>Non-executive directors</b>									
Simon Susman	(8)	893		86	67	83	134	67	2 068
Peter Bacon		206	100	86					405
Lindiwe Bakoro		206	100	86	67			10	469
Zarina Bassa		206	100		67			9	382
Tom Boardman		261		172		50	67	67	627
Andrew Higginson	(9)	549	100	44	67				760
Mike Leeming		206	199		134	50		15	604
Chris Nissen		206				50	67	134	481
Stuart Rose	(10)	549		86	67	38	67		807
Thina Siwendu		206			67			67	354
Sindi Zilwa	(11)	96	49		33			33	230
		<b>3 584</b>	<b>648</b>	<b>560</b>	<b>569</b>	<b>271</b>	<b>335</b>	<b>368</b>	<b>2 182</b>
									<b>8 517</b>

## NOTES

- Remuneration includes fees paid by Country Road as follows: Ian Moir A\$97 500, Norman Thomson A\$40 000 and Paula Disberry A\$40 000. Zyda Rylands was appointed as a Non-executive Director of Country Road from 1 October 2012 and earned pro-rata directors fees of A\$30 000.
- Other benefits are primarily discounts received on purchases made in our stores.
- The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan.
- IFRS 2 Share-based payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP held at the end of the year. It also includes the allocation of BEEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.
- IFRS 2 Share-based payments has been used to equate the annual expense value of restricted shares used as a retention scheme.
- The Board has approved a special bonus of R2.5 million in an attempt to improve Norman Thomson's total reward package relative to his peers, as long-term incentives (shares) were not allocated to him for the past 3 years.
- Other benefits include a once-off payment made of R500 000 for additional responsibilities assumed over and above her current role for a limited period during the year.
- Simon Susman retired as Group Chief Executive Officer (in November 2010) and was appointed as Chairman of the Woolworths Holdings Board on 17 November 2011. On his retirement as Group Chief Executive Officer and in terms of the rules of the scheme, the directors approved that he had the balance of 10 years (of which the last allocation was October 2006) to settle the interest-free share loan benefit relating to the purchases of shares under the Woolworths Holdings Share Trust whilst he was an employee of Woolworths. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan.  
Other benefits of R2 067 847 (2012: R3 897 505) include the following:
  - post-retirement healthcare benefit of R28 800;
  - discounts received on purchases made in our stores of R45 272;
  - interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 799 532. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan;
  - IFRS 2 charge for his shares and other share scheme instruments awarded during his tenure as Chief Executive Officer of R194 243.
- Andrew Higginson was appointed to the Remuneration committee from 1 January 2013. His fees as a director are paid in Sterling as a British resident.
- Stuart Rose was appointed to the Nominations committee from 1 November 2012. His fees as a director are paid in Sterling as a British resident. However, there is an agreement in place to purchase Woolworths shares with his net fee payment, on instruction from Stuart Rose.
- Sindi Zilwa retired from the Board 17 November 2012.

**DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES**

Shares purchased and options granted to executive directors and prescribed officers in terms of the Woolworths Holdings Share Trust which had not been exercised at 29 June 2014, are set out below.

Shares purchased and options granted to Simon Susman relate to his tenure as the Chief Executive Officer.

**SHARE PURCHASE SCHEME**

Name and offer date	Shares as at 30 June 2013		Shares sold or transferred		Shares as at 29 June 2014		
	Number	Price	Number	Price	Vested	Unvested	Total
<b>Simon Susman</b>							
December 2004	440 755	R10.59			440 755		440 755
August 2005	412 697	R11.31			412 697		412 697
August 2006	378 947	R13.30			378 947		378 947
October 2006	1 094 092	R13.71			1 094 092		1 094 092
<b>Total</b>	<b>2 326 491</b>				<b>2 326 491</b>		<b>2 326 491</b>
<b>Zyda Rylands</b>							
August 2003	12 125	R5.16	12 125	R6.06			-
September 2003	180 510	R5.76	180 510	R11.63			-
December 2004	221 839	R10.59			221 839		221 839
December 2004	37 734	R10.59			37 734		37 734
March 2005	120 000	R10.18			120 000		120 000
August 2005	132 626	R11.31			132 626		132 626
August 2005	144 923	R11.31			144 923		144 923
August 2006	129 699	R13.30			129 699		129 699
October 2006	291 758	R13.71			291 758		291 758
<b>Total</b>	<b>1 271 214</b>		<b>192 635</b>		<b>1 078 579</b>		<b>1 078 579</b>
<b>Sam Ngumeni</b>							
August 2003	29 816	R5.16	29 816	R9.73			-
December 2004	26 036	R10.59			26 036		26 036
August 2005	35 332	R11.31			35 332		35 332
August 2006	33 050	R13.30			33 050		33 050
November 2006	190 216	R15.74			190 216		190 216
<b>Total</b>	<b>314 450</b>		<b>29 816</b>		<b>284 634</b>		<b>284 634</b>
<b>Norman Thomson</b>							
December 2004	152 597	R10.59	152 597	R14.79			-
August 2005	142 882	R11.31	142 882	R16.47			-
August 2006	130 075	R13.30	130 075	R20.33			-
October 2006	510 576	R13.71	510 576	R21.54			-
<b>Total</b>	<b>936 130</b>		<b>936 130</b>				

**SHARE OPTION SCHEME**

Name and offer date	Options as at 30 June 2013		Options sold or transferred		Options as at 29 June 2014		
	Number	Price	Number	Price	Vested	Unvested	Total
<b>Zyda Rylands</b>							
October 2008	65 279	R8.81			65 279		65 279
<b>Total</b>	<b>65 279</b>				<b>65 279</b>		<b>65 279</b>

**SHARE APPRECIATION RIGHTS (SARS) SCHEME**

Name and offer date	Rights as at 30 June 2013		SARS rights awarded		SARS rights sold		Rights as at 29 June 2014		
	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
<b>Ian Moir</b>									
August 2010	117 823	R23.34					117 823		117 823
August 2011	87 468	R31.44						87 468	87 468
August 2012	72 288	R55.68						72 288	72 288
August 2013			103 755	R60.72				103 755	103 755
<b>Total</b>	<b>277 579</b>		<b>103 755</b>				<b>117 823</b>	<b>263 511</b>	<b>381 334</b>
<b>Reeza Isaacs</b>									
August 2013			43 396	R60.72				43 396	43 396
<b>Total</b>			<b>43 396</b>					<b>43 396</b>	<b>43 396</b>
<b>Zyda Rylands</b>									
April 2008	167 851	R10.26					167 851		167 851
August 2008	125 628	R10.24					125 628		125 628
August 2009	107 000	R15.00					107 000		107 000
August 2010	72 118	R23.34			72 118	R61.59			-
August 2011	53 538	R31.44						53 538	53 538
August 2012	38 304	R55.68						38 304	38 304
August 2013			40 790	R60.72				40 790	40 790
<b>Total</b>	<b>564 439</b>		<b>40 790</b>		<b>72 118</b>		<b>400 479</b>	<b>132 632</b>	<b>533 111</b>
<b>Sam Ngumeni</b>									
August 2011	34 987	R31.44						34 987	34 987
August 2012	29 095	R55.68						29 095	29 095
August 2013			28 281	R60.72				28 281	28 281
<b>Total</b>	<b>64 082</b>		<b>28 281</b>					<b>92 363</b>	<b>92 363</b>
<b>Norman Thomson</b>									
August 2009	84 667	R15.00					84 667	R77.00	-
August 2010	62 635	R23.34					62 635	R77.00	-
<b>Total</b>	<b>147 302</b>						<b>147 302</b>		
<b>Paula Disberry</b>									
August 2010	55 654	R23.34					55 654	R69.68	-
August 2011	41 316	R31.44						41 316	41 316
August 2012	32 726	R55.68						32 726	32 726
August 2013			45 809	R60.72				45 809	45 809
<b>Total</b>	<b>129 696</b>		<b>45 809</b>				<b>55 654</b>		<b>119 851</b>
<b>Brett Kaplan</b>									
August 2010	54 242	R23.34					54 242	R61.59	-
August 2011	40 267	R31.44						40 267	40 267
August 2012	29 946	R55.68						29 946	29 946
August 2013			43 518	R60.72				43 518	43 518
<b>Total</b>	<b>124 455</b>		<b>43 518</b>				<b>54 242</b>		<b>113 731</b>

**DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)**  
LONG-TERM INCENTIVE PLAN (LTIP) SCHEME

Name and offer date	Grants as at 30 June 2013		LTIP grants awarded		LTIP grants sold or transferred		Grants as at 29 June 2014		
	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
<b>Ian Moir</b>									
August 2010	200 300	R23.34	16 313	R60.72	216 613	R60.72			-
August 2011	148 696	R31.44					148 696	148 696	
August 2012	103 269	R55.68					103 269	103 269	
August 2013			148 221	R60.72			148 221	148 221	
<b>Total</b>	<b>452 265</b>		<b>164 534</b>		<b>216 613</b>		<b>400 186</b>	<b>400 186</b>	
<b>Reeza Isaacs</b>									
August 2013			45 949	R60.72			45 949	45 949	
<b>Total</b>			<b>45 949</b>				<b>45 949</b>	<b>45 949</b>	
<b>Zyda Rylands</b>									
August 2010	72 118	R23.34	5 874	R60.72	77 992	R60.72			-
August 2011	53 538	R31.44					53 538	53 538	
August 2012	41 496	R55.68					41 496	41 496	
August 2013			44 189	R60.72			44 189	44 189	
<b>Total</b>	<b>167 152</b>		<b>50 063</b>		<b>77 992</b>		<b>139 223</b>	<b>139 223</b>	
<b>Sam Ngumeni</b>									
August 2011	34 987	R31.44					34 987	34 987	
August 2012	31 519	R55.68					31 519	31 519	
August 2013			30 637	R60.72			30 637	30 637	
<b>Total</b>	<b>66 506</b>		<b>30 637</b>				<b>97 143</b>	<b>97 143</b>	
<b>Norman Thomson</b>									
August 2010	62 635	R23.34	5 101	R60.72	67 736	R60.72			-
<b>Total</b>	<b>62 635</b>		<b>5 101</b>		<b>67 736</b>				
<b>Paula Disberry</b>									
August 2010	55 654	R23.34	4 533	R60.72	60 187	R60.72			-
August 2011	41 316	R31.44					41 316	41 316	
August 2012	35 453	R55.68					35 453	35 453	
August 2013			48 460	R60.72			48 460	48 460	
<b>Total</b>	<b>132 423</b>		<b>52 993</b>		<b>60 187</b>		<b>125 229</b>	<b>125 229</b>	
<b>Brett Kaplan</b>									
August 2010	54 242	R23.34	4 418	R60.72	58 660	R60.72			-
August 2011	40 267	R31.44					40 267	40 267	
August 2012	32 442	R55.68					32 442	32 442	
August 2013			45 944	R60.72			45 944	45 944	
<b>Total</b>	<b>126 951</b>		<b>50 362</b>		<b>58 660</b>		<b>118 653</b>	<b>118 653</b>	

## DEFERRED BONUS PLAN (DBP) SCHEME

Name and offer date	Shares as at 30 June 2013		Shares purchased		Shares sold or transferred		Shares as at 29 June 2014
	Number	Price	Number	Price	Number	Price	Number
<b>Ian Moir</b>							
August 2010	41 617	R24.33	45 007	R60.72	86 624	R60.72	-
August 2011	29 600	R34.19					29 600
<b>Total</b>	<b>71 217</b>		<b>45 007</b>		<b>86 624</b>		<b>29 600</b>
<b>Zyda Rylands</b>							
August 2010	20 654	R24.33	22 337	R60.72	42 991	R60.72	-
August 2011	14 700	R34.19					14 700
<b>Total</b>	<b>35 354</b>		<b>22 337</b>		<b>42 991</b>		<b>14 700</b>
<b>Sam Ngumeni</b>							
August 2011	9 600	R34.19					9 600
<b>Total</b>	<b>9 600</b>						<b>9 600</b>
<b>Norman Thomson</b>							
August 2010	17 938	R24.33	19 399	R60.72	37 337	R60.72	-
<b>Total</b>	<b>17 938</b>		<b>19 399</b>		<b>37 337</b>		
<b>Paula Disberry</b>							
August 2010	15 896	R24.40	17 191	R60.72	33 087	R60.72	-
August 2011	11 300	R34.19					11 300
<b>Total</b>	<b>27 196</b>		<b>17 191</b>		<b>33 087</b>		<b>11 300</b>
<b>Brett Kaplan</b>							
August 2010	15 574	R24.40	16 843	R60.72	32 417	R60.72	-
August 2011	11 000	R34.19					11 000
<b>Total</b>	<b>26 574</b>		<b>16 843</b>		<b>32 417</b>		<b>11 000</b>

**DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)**  
 RESTRICTED SHARE PLAN (RSP) SCHEME

Name and offer date	Shares as at 30 June 2013		Shares purchased		Shares sold or transferred		Shares as at 29 June 2014
	Number	Price	Number	Price	Number	Price	Number
<b>Ian Moir</b>							
January 2010	793 280	R16.89					793 280
Total	793 280						793 280
<b>Reeza Isaacs</b>							
June 2013	104 840	R73.92					104 840
Total	104 840						104 840
<b>Zyda Rylands</b>							
May 2010	206 250	R23.34			103 125	R63.34	103 125
Total	206 250				103 125		103 125
<b>Sam Ngumeni</b>							
February 2011	215 174	R25.56					215 174
August 2012	27 812	R59.25					27 812
Total	242 986						242 986
<b>Norman Thomson</b>							
May 2010	119 938	R23.34			119 938	R63.34	-
Total	119 938				119 938		
<b>Paula Disberry</b>							
May 2010	275 425	R22.65			137 713	R63.34	137 712
Total	275 425				137 713		137 712
<b>Brett Kaplan</b>							
May 2010	263 610	R22.76			131 805	R63.34	131 805
Total	263 610				131 805		131 805

## BEE SHARES

Name and offer date	Shares as at 30 June 2013		Shares sold or transferred		Shares as at 29 June 2014		
	Number	Price	Number	Price	Vested	Unvested	Total
<b>Zyda Rylands</b>							
June 2007	1 250 000	R20.75				1 250 000	1 250 000
Total	1 250 000					1 250 000	1 250 000
<b>Sam Ngumeni</b>							
June 2007	475 000	R20.75				475 000	475 000
Total	475 000					475 000	475 000